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# Office of the Comptroller's Directive No. 1-06

## Financial Statement Template Preparation for Higher Education Institutions

### Introduction

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#### Subject

This Directive addresses higher education institutions' responsibilities for submitting the financial statement template and other financial information to the Department of Accounts (DOA).

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#### New GASB reporting requirements

The following are new Governmental Accounting Standards Board (GASB) statements effective for fiscal year 2006:

- GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*,
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)\**,
- GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and
- GASB Statement No. 47, *Accounting for Termination Benefits*.

Note\*: HEIs do not have to submit information to DOA regarding GASBS No. 44.

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#### Purpose

This Directive provides guidance to higher education institutions for submitting the following items to DOA to assist in the preparation of the Commonwealth's Comprehensive Annual Financial Report (CAFR).

- Financial statement template based on generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB)
  - Other required financial information
- 

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## Introduction, Continued

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### **Institution compliance**

Institutions are required pursuant to Section 2.2-803 and Section 2.2-813 of the *Code of Virginia* (1950), as amended, to submit a financial statement template and / or other financial information for the following reasons.

- The financial information required by this Directive is necessary for DOA to prepare the CAFR.
- The bond rating agencies use the CAFR to determine Virginia's bond rating. Maintaining an unqualified opinion on the CAFR is critical to Virginia retaining its AAA bond rating.
- The bond rating agencies require that parts of the CAFR be included in bond offering statements.

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## Introduction, Continued

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### Applicability

This Directive applies to the Virginia College Building Authority (VCBA), Roanoke Higher Education Authority (RHEA), Innovative Technology Authority, Institute for Advanced Learning and Research, Southwest Virginia Higher Education Center, Southern Virginia Higher Education Center, and all State-supported higher education institutions (HEIs).

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### Policy

For year-end closing and financial statement template preparation, all higher education institutions must comply with the following guidelines. These are described in detail on the following pages.

- Reconciliation to Draft Financial Statements
  - Preparation of Attachments
  - Preparation of Financial Statement Template Work Papers
  - Preparation of Financial Statement Template
  - NACUBO and GASB Guidance
  - Preparation of Fluctuation Analyses
  - Supplemental Information
- 

### Failure to comply

Failure to comply with this Directive could result in the following:

- The Comptroller will disclose such failure in the *Quarterly Report on Statewide Financial Management and Compliance*; and
  - The institution may not meet Management Standards.
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### Effective date

This is effective for fiscal years ended June 30, 2006, and thereafter.

This Directive rescinds and replaces Office of the Comptroller's Directive No. 1-05, "*Financial Statement Template Preparation for Higher Education Institutions*."

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## Introduction, Continued

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### Exceptions to due dates

Chief fiscal officers must submit a written request for exception to the Director of Financial Reporting if due dates cannot be met because of an unanticipated emergency. This request must be submitted 30 days prior to the deadline.

Requests must include a detailed explanation of the reasons for the request and an action plan with intermediate due dates to ensure timely submission of the required information.

**Note:** Any exception granted by DOA requires DOA to adjust its deadlines with both the Auditor of Public Accounts (APA) and others, while still meeting *Code of Virginia* compliance deadlines.

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### Questions

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### Directive availability

This Directive is available at [www.doa.virginia.gov](http://www.doa.virginia.gov). Higher education institutions' fiscal officers are notified via e-mails. The Commonwealth Accounting and Reporting System (CARS) users are notified via the CARS Broadcast Screen.

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### Additional information

If DOA determines additional information is needed from the institution not included in this Directive, DOA will contact the institution as needed.

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## Reconciliation to Draft Financial Statements

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**Requirement**

Attachment HE-11, Reconciliation, requires higher education institutions (HEIs) to reconcile the HEI's draft financial statements submitted pursuant to Attachment HE-13, Report of Financial Condition, to the Attachment HE-10, Financial Statement Template. This must be provided in an excel format using DOA's example formats or other formats acceptable to DOA. This reconciliation must be by financial statement line item. See instructions for Attachment HE-11 for additional information.

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## Preparation of Attachments

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### Changes to Attachment HE-10

The main changes are to Attachment HE-10, Financial Statement Template. Below is a summary of changes to this attachment:

**FST** – This tab has **eight additional line items** for the HEI to report amounts invested in the **State Non-Arbitrage Program (SNAP)** and the **Local Government Investment Pool (LGIP)**. (Note: Two additional LGIP investment line items have been added but they are for DOA use only. HEIs cannot enter amounts on these line items.) This tab also has **four additional line items** to report the HEI **accounts payable** footnote detail information. This resulted in TAB 4, Accounts Payable being eliminated.

**Checklist** – This is a new tab to help determine the completeness and propriety of the Attachment HE-10. This tab should be read before starting to record amounts in this attachment.

**Elimination Entries to FST** – Elimination entries can no longer be recorded directly on the FST. Significant intrafund balance/activity elimination entries between the HEI and the foundation(s) must be recorded on the **new** Elimination Entries to FST tab. This tab replaces the prior year's TAB 9, Eliminations.

**Elimination Entries to Footnotes** – In the prior year, footnote elimination entries were submitted to DOA in a separate file. For this year, any elimination entries to footnote line items will be recorded on the appropriate tab within the Attachment HE-10. An "ERROR" message will appear if the footnote tabs do not agree to the elimination entry amounts. The following tabs have been revised to record any elimination entries on the Combining FST and/or FST: TAB 2, Receivables – Part 2, TAB 3, Capital Assets – Part 5, TAB 5, LT Liabilities – Parts 5 – 8, TAB F1, Cash, Cash Eqv, Inv – Part 2a, TAB F3, Receivables – Parts 1 & 2, TAB F4, Capital Assets – Part 1, and TAB F5.1, LT Liabilities – Parts 1 to 4.

**TABS 2 & F3, Receivables** – Provide descriptions and amounts for "Other Receivables."

**Prior year TAB 5.1, Defeasance** – This tab is no longer required. HEIs will be requested to submit information on new bond issuances and refundings throughout the year.

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## Preparation of Attachments, Continued

### Changes to Attachment HE-10, *continued*

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**TAB 7, Miscellaneous** – This has **new parts** for the HEI to provide descriptions of amounts reported on the following line items: Other Assets (Part 12a), Other Restricted Assets (Part 12b), and Accounts Payable – Other (Part 11b).

**TAB F2, SNAP & LGIP** – Provide what Combining FST line item these amounts are reported on. A drop-down list is provided.

**TAB F7, Miscellaneous** – Prior year's Parts 2, 5, 6, and 7 are no longer required. This tab has **new parts** for the Foundation to provide descriptions of amounts reported on the following line items: Other Assets (Part 7a), and Other Restricted Assets (Part 7b).

**TABS 7 & F7, Miscellaneous** - TABS 7 (Part 13) and F7 (Part 9) both have **new parts** to document the calculation of the invested in capital assets, net or related debt amount.

**Governmental Accounting Standards Board (GASB) Statements 42, 46, and 47:** TABS 3 (Part 4) and 7 (Parts 14 & 15) have **new parts** regarding these new GASB statements.

**Other format changes** – There are some format changes that will be discussed in other sections of this directive and also in the instructions for Attachment HE-10.

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## Preparation of Attachments, Continued

### Listing of attachments

The column below titled “Complete for HEI or Foundation(s)” documents the financial information that must be reported on the attachments. In this section, the acronyms are defined as follows:

- **HEI:** Higher education institution including any blended component units of the HEI.
- **Foundation(s):** For purposes of this directive, this includes any foundation/entity that is a discrete component unit of the HEI as required by GASBS No. 39.

<i>Attachment Letter</i>	<i>Complete for HEI or Foundation(s)</i>	<i>Attachment Name</i>	<i>Due Date</i>
HE-1	HEI	Contact Survey	August 3
HE-2	HEI/ Foundation	Beginning Net Asset Reconciliation	August 3
HE-3	HEI	On-Behalf Payments	August 17
HE-4	HEI	Optional Retirement Plans	August 17
HE-5	HEI	GASBS No. 14 Checklist Modified to Reflect <u>GASBS No. 39</u>	August 17
HE-6	HEI	Federal Schedules	August 31
HE-7	HEI	Reconciliation of Appropriation Available and Appropriation Revenue	September 7
HE-8	HEI	Equipment Trust Fund (ETF) Program	September 7
HE-9	N/A	Manual Leave Liability Calculation Guidelines	N/A
HE-10	HEI/ Foundation	Financial Statement Template (The tabs within this attachment are listed below.)	September 28
	HEI/ Foundation	FST	
	HEI/ Foundation	Elimination Entries to FST ( <b>new</b> )	
	HEI/ Foundation	Checklist ( <b>new</b> )	
	HEI	TAB 1A, GASBS 3	
	HEI	TAB 1B, GASBS 31	
	HEI	TAB 2, Receivables	
	HEI	TAB 3, Capital Assets	
	HEI	TAB 4 (see Note A on next page)	
	HEI	TAB 5, LT Liabilities	

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## Preparation of Attachments, Continued

### Listing of attachments, *continued*

<b><i>Attachment Letter</i></b>	<b><i>Complete for HEI or Foundation(s)</i></b>	<b><i>Attachment Name</i></b>	<b><i>Due Date</i></b>
HE-10, <i>continued</i>	HEI	TAB 6, Commitments	September 28
	HEI	TAB 7, Miscellaneous	
	HEI	TAB 8, Short-term Debt	
	Foundation	Combining FST	
	Foundation	TAB F1, Cash, Cash Eqv, & Inv	
	Foundation	TAB F2, SNAP & LGIP	
	Foundation	TAB F3, Receivables	
	Foundation	TAB F4, Capital Assets	
	Foundation	TAB F5, LT Liabilities	
	Foundation	TAB F5.1, LT Liabilities	
	Foundation	TAB F6, Commitments	
	Foundation	TAB F7, Miscellaneous	
	HEI/ Foundation	TAB F8, Intrafund	
	Foundation	TAB F9, Short-term Debt	
HE-10A	HEI	Schedule of Cash, Cash Equivalents, and Investments at June 30	September 28
HE-11	HEI/ Foundation	Reconciliation	October 12
HE-12	HEI/ Foundation	Adjustments	October 12
HE-13	HEI	Report of Financial Condition	October 12

Note A: The prior year's Attachment HE-10 TAB 4, Accounts Payable, is no longer required. The financial statement template line items were revised to include the detail that was previously reported on TAB 4.

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## Preparation of Attachments, Continued

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### Informational

There are numerous comments within the excel spreadsheets that provide clarification regarding information that should be provided. Many cells have validation features to ensure information is entered correctly. If information is not entered correctly, an error message will display. Some of the validation functions are as follows: only yellow highlighted cells allow for data entry, only enter whole dollar amounts, amounts on the financial statement template (FST), Combining FST, or Elimination Entries to FST must agree to the applicable footnote tabs.

A detailed listing of changes and items of interest was e-mailed to fiscal officers and is posted on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the "Financial Reporting" button, then click on "Financial Statement Directives."

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### Submission information

Except as noted on specific attachments, DOA **requires** the institution to e-mail the attachments, and / or supplemental information to: [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov). DOA will e-mail a confirmation of receipt for each electronic submission. Institutions should follow up with DOA if the institution does not receive a confirmation. **Institutions should not submit paper copies of e-mailed attachments.**

DOA will also notify institutions if submissions do not meet the specified standards. If a submission is deemed unacceptable and rejected by DOA, the institution will be provided a short window of opportunity to resubmit the information in a manner that adequately addresses the deficiencies noted by DOA and avoid citation in the *Quarterly Report on Statewide Financial Management and Compliance*.

Institutions should copy APA on all e-mail submissions at: [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

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# Preparation of Financial Statement Template Work Papers

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## Introduction

Each institution must prepare work papers, including any year-end adjusting entries, that clearly support the preparation of the financial statement template, combining financial statement template, elimination entries to FST, and footnote tabs.

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## Guidelines for financial statement work papers

- Reconcile work papers to the internal accounting system.
  - Provide an adequate audit trail so the work papers may be tested to ensure the accuracy of the amounts presented.
  - Have work papers ready for review by the APA as soon as possible after year-end close, but not later than the submission of the associated statements, schedules and attachments.
- 

## Suggested work papers

The following is a list of suggested work papers but is not all-inclusive:

- Trial balances of funds maintained on the institution's accounting system;
  - Trial balances of other funds of the institution that are not maintained on CARS;
  - Schedules to combine the two sets of trial balances above;
  - An itemized listing of capitalized fixed assets as of year-end which reconciles to the institution's internal accounting system; and,
  - A detailed reconciliation of institution debt balances to Department of Treasury audit confirmation schedules.
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## Preparation of Financial Statement Template

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### FST columns

This section provides information for recording amounts for the HEI on Attachment HE-10, Financial Statement Template. As noted previously, **HEI** is defined in this section as the higher education institution including any blended component units of the HEI.

The Financial Statement Template (FST) tab has the following columns:

- **HEI Total Year-End June 30, 2006:** This should be balances/activity of the HEI and any blended component units. Any significant intrafund balance/activity amounts between the HEI and its blended component units must be excluded from this column.
- **Foundation(s) Year-End Totals:** This column is linked to the Combining FST tab which must be completed for all discrete foundation(s).
- **Elimination Entries:** This column is linked to the **new** Elimination Entries to FST tab. This is for eliminating significant intrafund balance/activity amounts between the HEI and discrete foundation(s).
- **Combined Total:** This column has the amounts that will be reported in the CAFR with some exceptions. DOA will make certain adjustments to these amounts; therefore, amounts in this column do not always equal the amounts that are reported in the CAFR.
- **HEI Total Prior Year:** Significant variances between prior year and current year totals must be explained.
- **Foundation(s) Total Prior Year:** Significant variances between prior year and current year totals must be explained.

### Applicable GASB statements

GASBS No. 35 amended GASBS No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, to include public colleges and universities. **GASBS No. 34 is used in this document to refer to GASBS No. 34 and GASBS No. 35.**

All other applicable Generally Accepted Accounting Principles (GAAP) must be followed.

**Note:** A Generally Accepted Accounting Principles (GAAP) Master List is available on DOA’s website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the “Financial Reporting” button, then click on “Financial Statement Directives.” This list is for informational purposes only and is neither authoritative nor all-inclusive.

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## Preparation of Financial Statement Template, Continued

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### Funds to be reported

**All funds** must be presented in the financial statement template, regardless of whether the funds are recorded on CARS. This includes all trust, local, and endowment funds.

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### Instructions for completing financial statement template

Detailed instructions for completing the financial statement template are found in the **Instructions for Attachment HE-10**.

Also, see **Additional Guidelines for Preparation of the Financial Statement Template** section.

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## NACUBO and GASB Guidance

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### NACUBO guidance

Position papers and other guidance issued by NACUBO represent level 5 GAAP. This guidance should be followed by all higher education institutions in the absence of any guidance from the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB), or the American Institute of Certified Public Accountants (AICPA).

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### Current implementation

The following GASB Statements must be implemented for fiscal year 2006:

- GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,
- GASB Statement No. 44, Economic Condition Reporting: The Statistical Section\*,
- GASB Statement No. 46, Net Assets Restricted by Enabling Legislation, and
- GASB Statement No. 47, Accounting for Termination Benefits.

Note\*: HEIs do not have to submit information to DOA regarding GASBS No. 44.

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## NACUBO and GASB Guidance, Continued

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### GASBS No. 28 reporting for the general account

**DOA will provide** asset, liability, income, and expense amounts for each institution's share of securities lending transactions, **if any**, held in the General Account of the Commonwealth. This information and guidance on where these amounts should be recorded on the financial statement template will be provided in a separate document.

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### Future imple- mentations

**GASBS No. 43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and **GASBS No. 45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establish uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans. These statements are effective for the Commonwealth beginning in fiscal year 2007 and 2008, respectively.

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**Note:** The Commonwealth's policy is **no early implementation** of any GASB Statement. If an institution early implements any GASB Statement in its individually published financial statements, the Attachment HE-10, Financial Statement Template, submission must exclude the effects of any early implementations.

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## Preparation of Fluctuation Analyses

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<b>Due date</b>	<p>Fluctuation analyses must be prepared for the financial statement template and submitted electronically to the APA and DOA by <b>September 28, 2006</b>.</p> <p>UVA, VPI, VCU, VCBA, and ITA are not required to submit fluctuation analyses because APA audits these institutions prior to December 15 and will review the analyses at the institutions. However, these institutions must be able to provide explanations for significant fluctuations if requested by DOA in a separate communication.</p>
<b>Requirements</b>	<p>DOA has included a fluctuation analyses format on the financial statement template file. For the prior year amounts to appear, the HEI must first select the institution's acronym. Prior year financial statement template amounts for the HEI and the foundation(s) will appear in the applicable columns and the #N/As will disappear. There are also columns to show dollar and percentage variances. Columns are available for note references to explain material fluctuations for the HEI and foundations(s) in a separate document.</p>
<b>How to determine materiality</b>	<p>Refer to <b>Additional Guidelines for Preparation of the Financial Statement Template</b> section for guidance in determining materiality. Materiality must be calculated on the HEI and foundation(s) totals separately.</p>
<b>Review of fluctuation analyses</b>	<p>Each institution's chief fiscal officer must review fluctuation analyses, and any significant fluctuations should be explained.</p>

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## Supplemental Information

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<b>The College of William and Mary (CWM)</b>	<p>The following is due to DOA by <b>September 28, 2006</b>: Supporting schedules for the Statement of Net Assets and Statement of Activities that includes amounts for CWM, Virginia Institute of Marine Science, Richard Bland College, blended component units (if any), and elimination entries of significant intrafund balance/activity amounts.</p>
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## Supplemental Information, Continued

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### Virginia College Building Authority (VCBA)

Provide the following information by **October 5, 2006**:

- VCBA Financial Statements (Fund Statements reconciled to Government-wide Financial Statements),
  - Current year payables for 21<sup>st</sup> Century activity,
  - Debt service requirements for FY 2006 (including Pooled Bond issuances by institution for FY 2006), and
  - Other information required to properly report VCBA in the CAFR. DOA will provide in a separate communication.
- 

### Virginia Common- wealth University (VCU)

For CAFR reporting purposes, the VCU Health System Authority is treated as a blended component unit when completing attachments. Significant intrafund balance/activity amounts among VCU and the VCU Health System Authority must be excluded from amounts reported on the financial statement template.

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### Virginia Community College System

The following is due to DOA by **September 28, 2006**: Supporting schedules for the Statement of Net Assets, Statement of Activities, and elimination entries of significant intrafund balance/activity amounts.

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### All institutions- other requirements

- The following is due to DOA by **October 12, 2006**: Letter of Transmittal, including a general statement regarding the institution's internal control to ensure compliance with the *Commonwealth Accounting Policies and Procedures (CAPP) Manual* Topic 10305, Internal Control.
  - DOA will provide in separate communications any additional institution or foundation information needed and the required date it must be submitted to DOA. The institution will be responsible for submitting the information to DOA by the specified date.
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# Additional Guidelines for Preparation of the Financial Statement Template

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## Contents

The following sections provide some guidelines for preparation of the financial statement template.

- GASBS No. 34 Reporting Requirements
  - Determination of Materiality
  - Cash Held with the Treasurer of Virginia
  - Appropriations Available / Reversions to the Commonwealth
  - Inventory
  - Equipment
  - Accounts Payable
  - Net Assets – Endowment
  - Miscellaneous
- 

## GASBS No. 34 Reporting Requirements

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### CAFR Reporting

All HEIs must complete the following for **FY 2006**:

- Statement of Net Assets and Statement of Activities (Attachment HE-10, Financial Statement Template), and
  - Notes to the Financial Statements (Obtained from Attachment HE-10 and other attachments).
- 

### Infrastructure

In addition, this statement requires the Commonwealth and HEIs to report infrastructure assets.

The State Comptroller elected and the Auditor of Public Accounts approved the **historical approach** to report infrastructure assets pursuant to the authority granted them in Section 2.2-813 of the *Code of Virginia* (1950), as amended.

The HEIs **must** use the **historical approach** to report infrastructure assets.

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## Determination of Materiality

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### How to determine materiality

Refer to the fluctuation analyses format on the financial statement template file and use the following to determine materiality on the HEI and foundation totals separately.

- 1) Determine materiality for the institution based on activity reported on the institution's financial statement template using the **HEI Total Year-End June 30, 2006** column.
- 2) Select the larger of total assets or total revenue as reported on the institution's current year financial statement template as the **base amount** for determining materiality. Using columns A and B, find the row that contains the **base amount**. **The corresponding amount in column C is the materiality scope**. Investigate any variances between the current and prior year activity at the template line item level that are greater than the materiality scope **AND** greater than or equal to 10%.
- 3) Determine materiality for the foundation(s) total based on activity reported on the institution's financial statement template using the **Foundation(s) Year-End Totals** column. Perform step 2.

**Example:** An institution has total assets of \$180,000,000 and total revenues of \$70,000,000. The base amount would be total assets of \$180,000,000. The materiality scope would be \$365,000.

A	B	C
0	50,000	1,000
50,001	100,000	3,000
100,001	500,000	4,000
500,001	1,000,000	13,000
1,000,001	5,000,000	18,000
5,000,001	10,000,000	50,000
10,000,001	50,000,000	80,000
50,000,001	100,000,000	240,000
100,000,001	300,000,000	365,000
300,000,001	1,000,000,000	725,000
1,000,000,001	3,000,000,000	1,775,000
3,000,000,001	10,000,000,000	4,175,000
10,000,000,001	30,000,000,000	10,475,000
30,000,000,001	100,000,000,000	22,475,000

**\*Please note that the material dollar amounts in column C are consistent with materiality guidelines established for the CAFR and may differ from the materiality guidelines required by each institution's auditors.**

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## Cash Held with the Treasurer of Virginia

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### Cash to be included

Include GLA 101 cash for all funds except the General Fund (fund 0100) on the Cash Held With the Treasurer line on the financial statement template. General Fund GLA 101 cash should be reported as either Capital Project or Other Appropriation Available, depending on the program. **DO NOT REPORT GLA 101 CASH THAT REVERTS TO THE GENERAL FUND AS OF JUNE 30 AS CASH WITH THE TREASURER.**

See related items in the Instructions to Attachment HE-7, Reconciliation of Appropriation Available and Appropriation Revenue. Also, see the Instructions to Attachment HE-10 (TAB 1A, GASBS 3). Specifically, see the instruction for Cash held with the Treasurer of Virginia.

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## Appropriations Available / Reversions to the Commonwealth

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### How to report unexpended appropriations

Unexpended appropriations authorized for reappropriation by the Department of Planning and Budget may be reported on the financial statement template as “Appropriation Available” on the applicable line item. Please refer to the Instructions for Attachment HE-7 for a list of appropriation available line items.

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### How to calculate reversions

Reversions should be netted against appropriation revenue to the extent possible. Reversions should be calculated from CARS as follows:

Appropriations (GLA 900)		\$XXX
Less: Expenditures (GLA 901)	(XXX)	
Expenditure Refunds (GLA902)	<u>XXX</u>	
Net Expenditures		<u>(XXX)</u>
Calculated Reversion		XXX
Less: Reappropriation <sup>1</sup>		<u>(XXX)</u>
Reversion		<u>XXX</u>

<sup>1</sup> When preparing the FST for FY 2006, this number would represent the FY 2006 unexpended 0100 or 0300 fund appropriations, which are reappropriated in the first two months of FY 2007. All amounts reappropriated must be supported by Department of Planning and Budget authorizations.

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## Inventory

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### Items included in inventory

**Include** materials and supplies in the inventory line item on the financial statement template. Disclose any liens from pledging or assigning inventory in the Part 1 Inventory section of Attachment HE-10 (TAB 7, Miscellaneous).

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### Items not included in inventory

**Do not include** consigned inventory and donated food in inventory. Donated food must still be counted for federal reporting purposes, even though it is not reported on the financial statement template.

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### Method to use for reporting inventory

Use the **consumption method** when reporting inventory. This reporting method stipulates that inventory items to be used in operations must be reported as financial resources (assets) when acquired, and expenses must be recognized when the items are used. Many institutions may be currently recording inventory items as expenses when purchased (the purchase method); therefore, this accounting methodology requires an adjusting journal entry to record an asset and to reduce expenses for the unused inventory as follows:

Debit: Inventory	XXX
Credit: Expenses	XXX

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## Equipment

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### Internal use computer software costs

Include any capitalized costs for internal use computer software in the Equipment line item. See CAPP Manual Topic 30305, “Software Purchased or Developed for Internal Use” for additional information. Any inquiries may be addressed to those listed in the [Questions](#) section of the Directive.

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## Accounts Payable

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### What should be included?

The line item “accounts payable” includes accounts payable, retainage payable, accrued expenses, wages and salaries payable, credit balances on student loans, amounts due to other state agencies, and / or settlements / amounts due to third-party programs.

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## Net Assets - Endowment

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### Classifying endowments

Contributions to permanent **and** term endowments should be reported as separate line items on the financial statement template, in the General Revenues section. The line items are “Contributions to Permanent Endowments” and “Contributions to Term Endowments.”

The net assets of permanent and term endowments **are** distinguished on the financial statement template in the Statement of Net Assets section as follows:

**Permanent Endowment** – Permanent endowment funds are funds with respect to which donors or other outside agencies have stipulated that the principal be maintained in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal. Therefore, the principal portions should be reported as restricted net assets – nonexpendable and the investment income should be reported as restricted net assets – expendable. The unrealized appreciation may be nonexpendable or expendable depending on the donor’s specifications and applicable state law.

**Term Endowment** – Similar to permanent endowment funds except that, upon passage of a stated period of time or the happening of a particular event, all or a part of the principal may be expended. Therefore, only a temporary restriction on net assets exists and term endowment funds should be reported as restricted net assets – expendable.

**Quasi-Endowment** – Quasi-endowment funds are funds which the governing board of an institution, rather than a donor or outside agency, has determined are to be retained and invested. Since these funds are internally designated rather than externally restricted, the governing board has the right to decide at any time to expend the principal. Therefore, quasi-endowment funds may be either restricted or unrestricted. Quasi-endowments created with restricted resources must be reported as expendable restricted net assets. Those created with unrestricted resources must be reported with unrestricted net assets, but could be described in a note to the financial statements indicating that they have been designated for long-term investment.

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## Miscellaneous

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### Depreciation

**Depreciation expense and the related accumulated depreciation** of property, plant and equipment, including infrastructure, **must** be reported in accordance with GASBS No. 34.

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### Expenses and program revenues

For CAFR reporting, total expenses for the higher education institution are reported. The financial statement template has one line item to report **Operating and Nonoperating Expenses**.

The program revenue line items on the financial statement template include only three **total program revenue** line items as follows: **Charges for Services, Operating Grants and Contributions**, and **Capital Grants and Contributions**.

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### Gain/loss on sale/disposal/impairment of capital assets

For CAFR reporting, the loss on the sale/disposal/impairment of capital assets\* should be reported with expenses. There is a line item after operating and nonoperating expenses on the financial statement template to record this amount. Also, there is a line item under the general revenues section to report the gain on the sale/disposal/impairment of capital assets\*.

Note\*: These line items have changed to include “impairment” because of GASBS No. 42.

Exception to the above reporting: If any gain/loss on the sale/disposal/impairment of capital assets qualify as a special or extraordinary item, then the amounts must be reported on those line items.

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### Scholarships discounts and allowances

NACUBO has published Advisory Report 2000-05, *Accounting and Reporting Scholarship Discounts and Allowances to Tuition and Other Fee Revenues by Public Institutions of Higher Education*. The “alternative method” described in this report represents preferred industry practice for all public schools, colleges, and universities in the absence of any guidance from the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the American Institute of Certified Public Accountants.

The GASBS No. 35 Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, questions 79 through 87, also addresses specific scholarship issues.

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*Continued on next page*



## Miscellaneous, Continued

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Summer school sessions that cross fiscal years	The <u>GASBS No. 35</u> Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, question 39, states that revenues and expenses for a summer session should be allocated between the two fiscal years. Appropriate amounts should be recognized in the accounting period in which they are earned or incurred and become measurable.
Unrealized gains and losses	Unrealized gains and losses should be reported as part of the investment earnings line item in accordance with paragraph 13 of <u>GASBS No. 31</u> .
Contract and grant revenues and indirect cost recoveries	<p>A contract or grant considered to be an exchange transaction will generally be for program activities and should be treated as operating revenue. Grants that represent nonexchange transactions are treated as nonoperating revenues. (See the <u>GASBS No. 35</u> Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, question 38.)</p> <p>Indirect cost recoveries associated with exchange transactions should be recorded as operating revenues and indirect cost recoveries associated with nonexchange transactions should be recorded as nonoperating revenues. (See the <u>GASBS No. 35</u> Implementation Guide developed by NACUBO and PricewaterhouseCoopers LLP, question 41.)</p>
Bonds payable	<p>The bonds payable amount reported on the financial statement template, including unamortized discounts, must agree to the Department of Treasury schedules plus any institutional debt (i.e., debt not issued through Treasury).</p> <p><b>If the amount does not agree to Treasury's balances plus institutional debt, a reconciliation must be provided by the institution and submitted with Attachment HE-10.</b></p>

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*Continued on next page*

## Miscellaneous, Continued

<b>Lag pay</b>	Record any applicable lag pay accruals in the financial statement template. At a minimum, this will require recording of the July 1 (June 10-24 pay period) and a portion of the July 16 (June 25-30 pay period) payrolls.
<b>Extraordinary items</b>	This represents transactions/events that are both unusual in nature <b>and</b> infrequent in occurrence. A description must be provided for these items.
<b>Special items</b>	This represents significant transactions/events that are within the control of management and are unusual in nature <b>or</b> infrequent in occurrence. A description must be provided for these items.
<b>Elimination entries</b>	<p>Line items are provided on the financial statement template to record significant intrafund balance/activity amounts between the HEI and the foundation(s). The use of these line items is optional. If these line items are used, the amounts reported on these line items must be eliminated and the ending balances should be zero in the Combined Total column on the financial statement template. See the section titled: <b>Combining Financial Statement Template Preparation for Foundation(s)</b> and instructions for Attachment HE-10 for additional guidance.</p> <p>Note: In the prior year, the significant intrafund balance/activity elimination entries between the HEI and foundation(s) were reported on the FST. This has changed. For FY 2006, these elimination entries must be reported on a new “Elimination Entries to FST” tab. This tab has a column to record elimination entries to HEI amounts and another column to record elimination entries to foundation amounts. The FST is linked to the Elimination Entries to FST – Combined Total column. This new tab replaces the prior year’s TAB 9, Elimination Entries.</p>
<b>Inquiries</b>	Inquiries may be directed to the individuals in the <b>Questions</b> section on page 6 of the Directive.

# Combining Financial Statement Template Preparation for Foundation(s)

## Introduction

### Background

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GASBS No. 39 implementation resulted in almost seventy foundations being reported in the FY 2005 CAFR. This section provides guidance for converting a foundation's financial statements into the Combining Financial Statement Template tab (Combining FST) included in the Attachment HE-10, Financial Statement Template. These foundations must also be included in the HEI's individually published financial statements. This guidance **does not** address reporting issues for converting the foundation's financial statements into the HEI's individually published financial statements. The guidance only addresses financial reporting at the CAFR level.

As noted previously, **foundation** is defined in this directive as a foundation/entity that is considered a discrete component unit of the HEI as required by GASBS No. 39. Foundations are primarily a non-profit charitable entity that exist solely to assist and support the HEI and are exempt from federal income tax under the Internal Revenue Code Section 501(c)(3). These foundations report under FASB rather than GASB standards. Financial statements are presented under SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

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*Continued on next page*

## Introduction, Continued

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### Attachment HE-10

As noted previously, the following tabs are included in **Attachment HE-10** to obtain **foundation** financial and footnote information:

- Combining FST
  - TAB F1, Cash, Cash Eqv, & Inv
  - TAB F2, SNAP & LGIP
  - TAB F3, Receivables
  - TAB F4, Capital Assets
  - TAB F5, LT Liabilities
  - TAB F5.1, LT Liabilities
  - TAB F6, Commitments
  - TAB F7, Miscellaneous
  - TAB F8, Intrafund
  - TAB F9, Short-term Debt
- 

### Combining FST

Most HEIs have at least one foundation but some have as many as seven. The Combining FST has eight columns available to report amounts for each foundation. The **Elimination Entries** column is to eliminate significant intrafund balance/activity amounts among the foundations. The **Foundation(s) Year-End Totals** column totals all columns. The FST is linked to this column. If applicable, the footnote information provided must agree to the Combining FST amounts or “Error” messages will appear.

Most foundations have a June 30<sup>th</sup> year-end. Some foundations have a December 31<sup>st</sup> year-end. **The foundations with a December 31<sup>st</sup> year-end must complete the Combining FST for the year-ended December 31, 2005.**

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*Continued on next page*

## Introduction, Continued

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### Changes

**Elimination Entries to Footnote Tabs:** The following tabs have been revised to record any elimination entries that are on the Combining FST or the Elimination Entries to FST for foundation footnote line items: TAB F1, TAB F3, TAB F4, and TAB F5.1.

**Checklist:** The Checklist tab is new and should be read prior to completing this attachment. This will help ensure completeness and propriety of amounts.

**TAB F1, Cash, Cash Eqv, and Inv:** Prior year's Part 2c and 4 are no longer required. Part 2c was for any investments reported at cost by investment type. Part 4 was for footnote disclosures of derivatives.

**TAB F2, SNAP & LGIP:** Provide what Combining FST line item any SNAP and/or LGIP amounts are reported on.

**TAB F3, Receivables:** Provide descriptions and amounts for Other Receivables.

**TAB F7, Miscellaneous:** The following information is no longer required for foundations: TAB F7, Miscellaneous, Parts 2, 5, 6, and 7 regarding inventory, deferred compensation, and retirement plans. TAB F7 requires descriptions for the following: Other Assets and Other Restricted Assets. It also requires documentation on how the invested in capital assets, net of related debt amount was computed.

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*Continued on next page*

## Introduction, Continued

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### Conversion issues

The following is a list of some issues that may require additional information from the foundation in order for the HEI to convert the foundation's financial statements into the Combining FST by the required due date. **Please note that this list is not all inclusive.**

- The HEI should take steps to ensure the foundation will provide accurate information so the HEI can meet the September 28th attachment deadline.
  - If the foundation does not prepare the **Statement of Financial Position** in a **classified format**, the HEI must obtain the long-term liabilities due within one year/due in greater than one year by line item and **net receivables** to be collected in greater than one year.
  - Since **depreciable and nondepreciable capital assets** must be reported on separate line items in the CAFR, capital asset gross amounts and accumulated depreciation amounts by asset type must be provided.
  - The net asset line item **Invested in Capital Assets, Net of Related Debt** must be determined. Unrestricted net assets should be reduced by the amount that should be reported as Invested in Capital Assets, Net of Related Debt (i.e. bonds payable, notes payable, capital leases, etc.).
  - Revenues must be classified as **Program or General Revenues**.
  - **Significant intrafund balance/activity** amounts **between foundations** must be **eliminated** on the Combining FST. **Significant intrafund balance/activity** amounts **between the HEI and foundations** must be eliminated on the **new** Elimination Entries to FST tab. Note: Significance must be determined by each HEI using professional judgement.
  - If **significant intrafund balance/activity** amounts **cannot be eliminated** because the foundation has a December 31<sup>st</sup> year-end, these amounts must be reported on Attachment HE-10, Financial Statement Template, TAB F8, Intrafund.
  - If the foundation has any investments in **SNAP or LGIP**, account numbers and balances must be provided.
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## Line Items

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### General

Many of the foundation financial statement line items can easily be converted into the Combining FST line items. Some line items are not as easily converted and additional information may be needed from the foundation.

The Combining FST does not include line items that are unique to the HEI (i.e. appropriations available and appropriations revenue).

Some line items are discussed in the following sections.

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### Cash, cash equivalents, and investments

The following line items are to report any cash and cash equivalents:

- **Cash and Cash Equivalents**, and
- **Restricted Cash and Cash Equivalents**.

The following line items are to report any investments:

- **Investments**, and
- **Restricted Investments**.

The above line items can **only** be used to report foundation amounts. Attachment HE-10, Financial Statement Template, **TAB F1** must be completed for cash, cash equivalents, and investment footnote disclosures.

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### Contributions receivable, net

**Contributions Receivable, Net** represents a promise a donor makes to give the foundation a contribution that is, in substance, unconditional. They are reported at the present value of their estimated future cash flows. CAFR footnote disclosure will mirror the foundation's footnotes with the following information: receivable due in less than one year, receivable due between one and five years, receivable due in greater than five years, discount amount, allowance amount, and discount rates used to determine present value. This line item can **only** be used for the foundations.

Attachment HE-10, Financial Statement Template, **TAB F3 Part 2** must be completed for this line item.

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## Line Items, Continued

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### Short-term debt (i.e. lines of credit)

Many foundations have **Short-term Debt (i.e. lines of credit)**. Bond anticipation notes payable (BANS) amounts must be reported on the Long-Term Liabilities – Bond Anticipation Notes Payable line items. (Note: The HEI can also report amounts on the FST on this line item.)

Attachment HE-10, Financial Statement Template, **TAB F9 Part 1** must be completed for this line item and **Part 2** must be completed for BANS.

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### Long-term liabilities – trust and annuity obligations

**Long-Term Liabilities – Trust and Annuity Obligations** represent obligations owed to beneficiaries under the terms of trust or annuity agreements. For example, split-interest agreements usually provide that the HEI or foundation act as trustee for the gift assets, with the requirement that an annual distribution be made to a specified beneficiary. These distributions are usually for a fixed dollar amount (annuity trust) or a fixed percentage of the trust's fair market value (unitrust).

The amount due within one year and the amount due in greater than one year must be reported separately on the financial statement template. (Note: The HEI can also report amounts on the FST for this line item.)

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### Increase/decrease in split-interest agreements

The following two line items are to report the changes in split-interest agreements:

- **Increase in Split-Interest Agreements**, and
- **Decrease in Split-Interest Agreements**.

(Note: The HEI can also report amounts on the FST for these line items. The Comprehensive Implementation Guide – 2005, question 7.324 explains how split-interest agreements should be reported by the HEI under GASBS No. 34 and GASBS No. 35.)

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## Line Items, Continued

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### Intrafund balance/ activity

The following line items may be used to report significant intrafund balance/activity amounts among the foundations and among the HEI and the foundation(s). After all amounts, including elimination entries, are entered on the Combining FST and /or the Elimination Entries to FST, the Combined Total amount for these line items should be zero.

Due from Foundation(s)

Due to Foundation(s)

Due from Higher Education Institution \*

Due to Higher Education Institution\*

Payments/Support from Foundation(s)

Payments/Support to Foundation(s)

Payments/Support from Higher Education Institution\*

Payments/Support to Higher Education Institution\*

\*These line items can only be used by the foundation. The remaining line items can be used by either the HEI or the foundation.

The HEI will need to work with the foundation to determine what significant intrafund balance/activity amounts are reported on the foundation's financial statements and help determine what elimination entries are necessary.

The Combining FST has an elimination entry column that must be used to eliminate significant intrafund balance/activity amounts among the foundations. The FST is linked to the new Elimination Entries to FST tab that must be used to eliminate significant intrafund balance/activity amounts among the HEI and the foundation(s).

Any insignificant intrafund balance/activity amounts not eliminated should be reported on other financial statement template line items. Also, any significant intrafund balance/activity amounts not eliminated because the foundation has a December 31<sup>st</sup> year-end must be reported on Attachment HE-10, Financial Statement Template, TAB F8, Intrafund.

Note: Significance must be determined by each HEI using professional judgment.

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## Line Items, Continued

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### Net assets

The following two line items are to report foundation amounts:

- **Net Assets/Restricted/Nonexpendable/Permanently Restricted**, and
- **Net Assets/Restricted/Expendable/Temporarily Restricted**.

Foundations report their net assets in one of three categories: Unrestricted, Temporarily Restricted, and Permanently Restricted. These line items are to report the temporarily restricted and permanently restricted net assets.

The foundation's **unrestricted net asset** amount must be **reduced** by the **invested in capital assets, net of related debt** (i.e. bonds payable, notes payable, capital leases, etc.) amount. Also, there is a new Part 9 on TAB F7, Miscellaneous, to document how the invested in capital assets, net of related debt amount was computed.

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# Revenue Classification

## Revenues

The foundations' revenues must be analyzed to determine **both** the appropriate revenue classification and whether any significant revenues represent payments/support from the higher education institution or other foundations. If so, those amounts may be reported on the Combining FST as one of the following line items.

- Payments/Support from Foundation(s)
- Payments/Support from Higher Education Institution

The following are the other revenue line items on the Combining FST.

- Program Revenues – Charges for Services
- Program Revenues – Operating Grants and Contributions
- Program Revenues – Capital Grants and Contributions
- General Revenues – Investment Earnings
- General Revenues – Grants & Contributions not Restricted to Specific Programs
- Contributions to Permanent Endowments
- Contributions to Term Endowments
- Miscellaneous Revenues

See the next section for additional information regarding these revenue classifications.

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## Revenue Classification, Continued

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### Revenue classifications

Foundation revenue amounts must be analyzed to determine the proper reporting on the Combining FST in accordance with GASBS No. 34 and GASBS No. 35. See also GASBS No. 37 and the Comprehensive Implementation Guide – 2005 for additional guidance. Below is a brief description of the revenue line items:

- **Program Revenues – Charges for Services:** Represents charges to customers, applicants or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services (see GASBS No. 34, GASBS No. 37, paragraph 13 which amends GASBS No. 34, paragraph 49)
  - **Program Revenues – Operating Grants and Contributions:** Represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program (see GASBS No. 34, paragraph 50).
  - **Program Revenues – Capital Grants and Contributions:** Same definition as operating grants and contributions except the restriction is for capital purposes.
  - **General Revenues – Investment Earnings:** Represents interest, dividends, unrealized gains/losses on investments, realized gains/losses, and other investment earnings on investments that do not meet the definition of program revenue. For example, investment earnings on permanent or term endowments should be reported as program revenue if restricted to a program or programs specifically identified in the endowment agreement or contract. Other investment earnings should be reported as General Revenues - Investment Earnings.
  - **General Revenues – Grants & Contributions not Restricted to Specific Programs:** Represents unrestricted contributions.
  - **Contributions to Permanent Endowments:** Represents funds with respect to which donors or other outside agencies have stipulated that the principal be maintained in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principal. The foundation's permanently restricted contributions should be reported on this line item.
  - **Contributions to Term Endowments:** Similar to permanent endowments except that upon passage of a stated period of time or the happening of a particular event, all or a part of the principal may be expended.
  - **Miscellaneous Revenues:** Represents revenue amounts that do not fall under the other categories.
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## Expenses

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**Total expenses** The foundation's total expenses can be reported on one line item on the Combining FST. Any significant expenses that represent payments/support to the higher education institution or other foundations may be reported on the Combining FST as one of the following line items.

- Payments/Support to Foundation(s)
  - Payments/Support to Higher Education Institution
- 

## Footnotes

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**Summary** The following tabs are included in the Attachment HE-10, Financial Statement Template, and are to obtain footnote information for foundations:

- TAB F1, Cash , Cash Eqv, & Inv,
  - TAB F2, SNAP & LGIP,
  - TAB F3, Receivables,
  - TAB F4, Capital Assets,
  - TAB F5, LT Liabilities,
  - TAB F5.1, LT Liabilities,
  - TAB F6, Commitments,
  - TAB F7, Miscellaneous,
  - TAB F8, Intrafund, and
  - TAB F9, Short-term Debt.
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## Footnotes, Continued

### Additional information needed

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While most footnote information requested should mirror the foundation's footnotes, there are some instances where the foundation footnotes may not include required information. The following listing identifies tabs that may require additional information. (Please be aware that this may not be an all-inclusive listing.)

- **TAB F1, Cash, Cash Eqv, & Inv:** If the foundation has any investments/cash equivalents in SNAP or LGIP, the account numbers, line item, and year-end balances must be provided on **TAB F2, SNAP & LGIP**.
  - **TAB F3, Receivables - Part 1:** For any amounts reported on the Receivables, Net line item, the following must be provided: gross amounts for accounts receivable, loans receivable, and other receivables, and total allowance for doubtful accounts. Also, the receivable, net amount expected to be collected in greater than one year must be provided. A new requirement is to provide a description of "Other Receivables."
  - **TAB F4, Capital Assets:** Year-end capital asset gross amounts and accumulated depreciation amounts by asset type must be provided.
  - **TAB F7, Miscellaneous - Part 6:** If the foundation has a December 31<sup>st</sup> year-end and significant intrafund balance/activity amounts cannot be eliminated, **TAB F8, Intrafund**, must be completed.
  - **TAB F7, Miscellaneous - Part 7:** This part is new and requires a description of **Other Assets** and **Other Restricted Assets**.
  - **TAB F7, Miscellaneous - Part 8** (formerly Part 11): If an amount is reported on the **Other Liabilities** line item, a description must be provided.
  - **TAB F7, Miscellaneous - Part 9:** This part is new and requires documentation on how the **Invested in Capital Assets, Net of Related Debt amount** is calculated.
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## Elimination Entries

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**Requirement**

As previously noted, the “Elimination Entries” column on the Combining FST must be used to eliminate significant intrafund balance/activity amounts among the foundations. If the HEI only has one foundation, no elimination entries are needed on this tab. The “Elimination Entries” column on the FST is linked to the new Elimination Entries to FST tab. These are to eliminate significant intrafund balance/activity amounts among the HEI and the discrete foundation(s). The “to” and “from” elimination entry amounts must equal; therefore, total ending net asset amounts should not be increased or decreased as a result of these entries.

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## Elimination Entries, Continued

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### Options

**Option 1)** The following line items may be used to report significant intrafund balance/activity amounts:

- Due from Foundation(s),
- Due to Foundation(s),
- Due from Higher Education Institution,
- Due to Higher Education Institution,
- Payments/Support from Foundation(s),
- Payments/Support to Foundation(s),
- Payments/Support from Higher Education Institution, and
- Payments/Support to Higher Education Institution.

If the above line items are used, the elimination entries must be recorded to eliminate all amounts recorded on these line items. If the “Combined Total” amounts on the FST for these line items are not zero after entering all elimination entries, an “Error” message will appear.

**Option 2)** The above line items are optional. If the HEI chooses not to use these line items, the significant intrafund balance/activity amounts that are reported on other line items must be eliminated. For example, the HEI may record significant Payments/Support from Foundation(s) on one of the other revenue line items. The Foundation(s) may record the significant Payments/Support to the Higher Education Institution under the operating and nonoperating expenses line item. The elimination entries could be made to the appropriate revenue and expense line items.

Whichever option is followed, keep in mind the following: 1) Significant intrafund balance/activity amounts among the HEI foundations and between the HEI and the foundation(s) must be eliminated. 2) The net affect on net assets for the Elimination Entries column on the FST and on the Combining FST must be zero. 3) Supporting documentation must be maintained by the HEI to document these elimination entries and also to document any significant balance/activity amounts not eliminated because of the foundation’s December 31<sup>st</sup> year-end.

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## Additional Information

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### **Additional Requests**

Additional reporting issues may arise during the CAFR preparation and/or throughout the year regarding the CAFR. As such, DOA may request additional information. DOA will not contact foundations directly for any information regarding amounts reported for the foundations. DOA will contact the HEI, and the HEI is responsible for providing the requested information within the specified timeframe.

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### **Attachment HE-10**

See also instructions for Attachment HE-10, Financial Statement Template, for recording amounts on the Combining FST and related footnote tabs.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-1**  
**Contact Survey**

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<b>Purpose</b>	This attachment will provide DOA with the institution contact information.
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<b>Applicable institutions</b>	All institutions <b>must</b> complete this attachment.
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<b>Due date</b>	<b>August 3, 2006</b>
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<b>Submission requirements</b>	Contact DOA if the institution has any problems with the files.
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**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-1.** For example, VCCS should rename the Attachment HE-1.xls file as VCCS Attachment HE-1.xls.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of this spreadsheet.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-2**  
**Beginning Net Asset Reconciliation**

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**Purpose** This attachment will provide explanations for any restatement of the beginning net asset amount. This reconciles the prior year ending net asset amount reported on the FY 2005 Attachment HE-10, Financial Statement Template, and the beginning net asset amount that will be reported on the FY 2006 Attachment HE-10, Financial Statement Template. This attachment has TAB 1 to record the amount for the HEI and TAB 2 to record the amount for the combined total of the foundations.

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**Applicable institutions** All institutions **must** complete this attachment.

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**Due date** **August 3, 2006**

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**Submission requirements** Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-2.** For example, VCCS should rename the Attachment HE-2.xls file as VCCS Attachment HE-2.xls.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of this spreadsheet.

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**Changes from the prior year** The TAB 1, HEI, has the following new descriptions to account for the implementation of the new GASB statements:

- Implementation of GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries
  - Implementation of GASB Statement No. 47, Accounting for Termination Benefits
-

**Comptroller's Directive No. 1-06**  
**Attachment HE-2**  
**Beginning Net Asset Reconciliation**

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**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (TAB 3-RCL) in the attachment excel file.**

Enter the revision date, tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-3**  
**On-Behalf Payments**

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**Purpose**

DOA must include disclosures for on-behalf payments in the CAFR footnotes. GASBS No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, defines on-behalf payments as: Direct payment for fringe benefits and salaries made by one entity (the paying entity) to a third-party recipient for the employees of another, legally separate entity (the employer). On-behalf payments include:

- pension plan contributions,
  - employee health and life insurance premiums, and
  - salary supplements or stipends.
- 

**Applicable institutions**

All institutions **must** complete this attachment.

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**Due date**

**August 17, 2006**

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**Submission requirements**

Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-3.** For example, VCCS should rename the Attachment HE-3.xls file as VCCS Attachment HE-3.xls.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of this spreadsheet.

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# Comptroller's Directive No. 1-06

## Attachment HE-3

### On-Behalf Payments

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#### Attachment revisions

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (TAB 2-RCL) in the attachment excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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#### Revenue and expenditures

The employer should recognize revenue and expenditures for on-behalf payments for:

- fringe benefits and salaries equal to the payments received, and
- fringe benefits and salaries that are receivable at year-end for the current fiscal year.

Governmental colleges and universities are required to report the effect of on-behalf contributions to retirement systems as part of the college or university operations. Amounts directly paid into state or local retirement systems by the appropriating government on-behalf of the college should be recorded as revenue of the institution.

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#### Footnotes

The employer should disclose in the financial statement notes the amounts recognized for on-behalf payments for fringe benefits and salaries.

For on-behalf payments that are contributions to a pension plan for which the employer government is not legally responsible, the employer government should disclose:

- the name of the plan, and
  - the name of the entity making the contribution.
-



**Comptroller's Directive No. 1-06**  
**Attachment HE-3**  
**On-Behalf Payments**

---

**Significant  
intrafund  
activity**

**Significant Intrafund Activity Amounts:** Some on-behalf payments are from foundations/entities considered discrete component units of the higher education institution under GASBS No. 39. If these amounts are significant, they must be eliminated on the new Elimination Entries to FST tab in the Attachment HE-10, Financial Statement Template, to avoid double counting activity. The last column on this attachment asks whether any amounts on this attachment will be eliminated.

Note: Significance must be determined by each higher education institution using professional judgement.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-4**  
**Optional Retirement Plans**

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**Purpose**

DOA must include disclosures for optional retirement plans of higher education institutions in the CAFR footnotes. The disclosures are required by GASBS No. 27, *Accounting for Pensions by State and Local Governmental Employers*.

Note: This attachment should **exclude** amounts for foundations/entities considered discrete component units of the HEI.

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**GASBS No. 27**  
**requirements**

The information required for **each defined contribution** plan is as follows:

- required contributions percent,
- actual dollars contributed,
- a description of each plan's provisions, i.e., retirement, death benefits, disability benefits, and
- the authority given to allow participation in the plan, i.e., Appropriation Act language, *Code of Virginia* section, etc.

If the institution participates in a **defined benefit plan other than VRS**, provide the disclosures and required supplementary information required by GASBS No. 27, paragraphs 20 through 22.

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**Applicable**  
**institutions**

All institutions **must** complete this attachment.

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**Due date**

**August 17, 2006**

---

**Comptroller's Directive No. 1-06**  
**Attachment HE-4**  
**Optional Retirement Plans**

---

**Submission  
requirements**

Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-4.** For example, VCCS should rename the Attachment HE-4.xls file as VCCS Attachment HE-4.xls.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of this spreadsheet.

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**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (TAB 2-RCL) in the attachment excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-5**  
**GASBS No. 14 Checklist Modified to Reflect GASBS No. 39**

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**Purpose**

This attachment includes a checklist used to evaluate, based on GASBS No. 14 modified to reflect GASBS No. 39 criteria, each organization, foundation, or commission within an institution for possible inclusion as a component unit in the CAFR. If an organization, foundation, or commission is determined to be a component unit, this attachment will also evaluate the method of disclosure.

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**Applicable institutions**

All institutions must complete the following:

- **Part 1, Summary,**
- **Part 2a, Listing of Foundations/Entities to be included on the Attachment HE-10, Financial Statement Template, and**
- **Part 2b, Listing of Foundations/Entities to be excluded from the Attachment HE-10, Financial Statement Template.**

Institutions must complete **Part 3, Checklist**, if **either** of the following conditions are met:

- The potential component unit has **not** previously been evaluated in the “GASBS No. 14 Checklist modified to reflect GASBS No. 39.”
  - The potential component unit **has** been previously evaluated; however, a change has occurred that might affect its classification.
- 

**Due date**

**August 17, 2006**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-5**  
**GASBS No. 14 Checklist Modified to Reflect GASBS No. 39**

**Submission  
requirements**

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Contact DOA if the institution has any problems with the files.

**After downloading the word file, rename the file using the institution's acronym followed by Attachment HE-5.** For example, VCCS should rename its Attachment HE-5.doc file as VCCS Attachment HE-5.doc.

Submit the attachment electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of the attachment.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

---

**Purpose**

This attachment is used to provide DOA with the Federal Schedules needed to prepare the statewide **Schedule of Expenditures of Federal Awards (SEFA)** for the Single Audit Report.

The Single Audit Report is required for compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133.

This attachment is similar to prior year Attachment HE-6.

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**Applicable agencies and requirements**

**All institutions** must submit the Attachment file to DOA to certify **whether or not** the institution received or disbursed Federal funds in FY 2006. **Each institution must report its DUNS number as well as its EIN number on the Attachment file. This is a new requirement. DUNS number information is available at [www.smallbusiness.dnb.com](http://www.smallbusiness.dnb.com).** Contact Rob Meinhard at (804) 371-7807 or by E-mail at [rob.meinhard@doa.virginia.gov](mailto:rob.meinhard@doa.virginia.gov) if you have questions.

If the institution received or disbursed Federal funds in FY 2006, the institution is **REQUIRED TO USE** the files listed below.

- Template – used to prepare the applicable federal schedules
  - Reconciliation – used to reconcile the Schedule of Expenditures of Federal Awards to the institution's accounting system.
- 

**Due date**

**August 31, 2006**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Submission  
requirements/  
templates**

Contact DOA if the institution has any problems with the files.

**After downloading the files, rename the files using the institution number followed by the identifying file name.** For example, institution 207 should rename the Attachment file, Template file, and Reconciliation file as follows:

**Note:** DO NOT rename the tab names in the excel files.

207AttHE-6.doc (Attachment File)

207federal schedules.xls (Template File)

207recon-he.xls (Reconciliation File)

**DOA will not accept any Federal schedules that are not in the formats required by this Directive. Institutions that fail to use the required formats will be asked to resubmit the schedules to DOA and will be cited for noncompliance in the Report on Statewide Financial Management and Compliance (Quarterly Report). Noncompliance with the Directive could adversely affect an institution's ability to meet management standards.**

Submit the files electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy the APA via E-mail to: [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of the attachment.

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**Attachment  
revisions**

Entities that believe revisions are necessary to the federal schedules after the initial submission to DOA must contact Penny Williams **BEFORE** sending the revisions to DOA. See the Questions section below for contact information.

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**Resolution of  
prior year  
findings**

Institutions will be required to submit information regarding resolution of prior year audit comments to the Comptroller. Specific reporting requirements and due dates will be forthcoming. Direct questions to Rob Meinhard, State Accounts Receivable Coordinator, at (804) 371-7807 or E-mail at [rob.meinhard@doa.virginia.gov](mailto:rob.meinhard@doa.virginia.gov).

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**Questions**

If the institution has any further questions about preparing the Federal schedules, contact Penny Williams, Indirect Cost Coordinator, at (804) 225-3804 or E-mail at [penny.williams@doa.virginia.gov](mailto:penny.williams@doa.virginia.gov).

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Federal  
schedules.xls  
template**

The federal schedules.xls workbook includes five tabs with each tab representing a different federal schedule within the workbook. The tabs are located at the bottom of the screen. Clicking once on the desired tab will allow you to get to a specific federal schedule. An overview of the five tabs and what should be reported on each tab is discussed in the next section.

**Note: Agencies are now required to report amounts related to unknown CFDA numbers on the appropriate tab(s). For amounts with unknown CFDA numbers, agencies are required to report the federal program name and other identifying number (such as the contract number) on the last column in each tab. It is expected that this column will primarily be used for subrecipient and pass through entities. Agencies must perform reasonable steps to determine the actual CFDA number before electing to report any amounts with unknown CFDA numbers.**

**At a minimum, agencies must contact the disbursing entity to determine the actual CFDA number before entering amounts without known CFDA numbers. Agencies failing to perform this minimum level of due diligence for amounts without actual CFDA numbers, will be cited for noncompliance in the Report on Statewide Financial Management and Compliance (Quarterly Report).**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

**Overview of  
federal  
schedules**

All expenditures made from funds received directly from the Federal Government and federal expenditures/disbursements reported on all other tabs, **EXCEPT for the expenditures reported on the RECEIVED FROM NONSTATE tab**, should be reported on the SEFA tab. **This distinction is made because expenditures reported on the RECEIVED FROM NONSTATE tab are classified as “Indirect” expenditures in the Statewide report and all other expenditures/disbursements are classified as “Direct” expenditures.**

Therefore, federal expenditures and/or disbursements reported on the SEFA tab plus the total federal expenditures and/or disbursements reported on the RECEIVED FROM NONSTATE tab should equal total federal expenditures for the institution. The individual tabs are discussed below:

1. RECEIVED FROM STATE tab – pass-through funds received from other state agencies/institutions should be reported on this tab. **ANY EXPENDITURE MADE FROM THESE FUNDS SHOULD BE INCLUDED ON THE SEFA TAB.**
2. RECEIVED FROM NONSTATE tab – pass-through funds received from Non-state entities (**See definition of Non-state entities on page 5**) and expenditures made from the funds received should be reported on this tab. **EXPENDITURE AMOUNTS REPORTED ON THE RECEIVED FROM NONSTATE TAB SHOULD NOT BE INCLUDED ON THE SEFA TAB. THIS IS A CHANGE FROM THE PRIOR YEAR.**
3. DISBURSED TO STATE tab – pass-through funds disbursed to other state agencies / institutions should be reported on this tab. **THESE DISBURSEMENTS SHOULD ALSO BE INCLUDED ON THE SEFA TAB.**

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Overview of federal schedules (continued)**

4. DISBURSED TO NONSTATE tab – pass-through funds disbursed to non-state entities should be reported on this tab. **THESE DISBURSEMENTS SHOULD ALSO BE INCLUDED ON THE SEFA TAB.**
  5. SEFA tab – all expenditures/disbursements made by the institution, **except for expenditures reported on the RECEIVED FROM NONSTATE tab**, should be included on this tab.
- 

**Important  
Items-General**

- Use the **cash basis** of accounting.
  - The spreadsheets in the federal schedules.xls and recon-he.xls **are designed so that you only need to fill in the yellow highlighted cells.**
  - Enter **whole dollar amounts** in all files to prevent rounding errors.
  - If N/A appears in any cell you have keyed, you have entered invalid data and you should recheck what has been keyed.
- 

**Important  
Items-Federal  
schedules  
template**

- If the CFDA number is entered and the incorrect Federal Program Name or Federal Program Grantor Name appears on any spreadsheet, **and you have verified the CFDA number is correct by checking the [www.cfda.gov](http://www.cfda.gov) website**, please contact Penny Williams at (804) 225-3804 or E-mail at [penny.williams@doa.virginia.gov](mailto:penny.williams@doa.virginia.gov) for assistance.
  - Unknown CFDA numbers are those numbers where the Federal grantor is known but the CFDA number is unknown. You must include the first two digits of the CFDA number. (For example, 10.000 would be used if the Federal Grantor is the U.S. Department of Agriculture, but the CFDA number is unknown.)
  - **A column titled “Program Name - Unidentified CFDA Number” has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.**
- 

*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Important Items-Federal schedules template (continued)**

- Use “@” to indicate research and development (R & D) expenditures on any spreadsheet tab applicable. CFDA numbers that have **both** R & D expenditures and expenditures other than R & D should be listed on the appropriate tab two times: once **with** the “@” to identify the R & D expenditures, and once **without** the “@” to identify the expenditures other than R & D.
- Running totals are located on each spreadsheet tab.
- Do not use “-“(dashes) to represent \$0.00. You must use the number “0”.
- Do not leave blank rows between rows of information within the spreadsheets when keying in data.
- The Federal Government is **not** a **Non-state entity. Non-state entities** are counties, cities, towns, local governments, local governmental authorities, regional governmental authorities, public or private foundations, institutes, museums, and corporations or similar organizations which are not units of State government or political subdivisions of the Commonwealth as established by general law or special act. (**DO NOT** report disbursements to or receipts from the Federal government on the **Disbursed to Non-state Entities** and/or **Received from Non-state Entities** tabs.
- Pass-through disbursements to State or non-state entities should be reported as expenditures on the appropriate tab(s). **Do not eliminate any pass-through disbursements.** DOA eliminates pass-through transactions at a statewide level.
- Include indirect cost recoveries as expenditures on the SEFA tab.
- Refunds of Federal revenue should **not** be reported on any of the Federal Schedules.
- Combine grant expenditures and program income expenditures to report the total expenditures for each Catalog of Federal Domestic Assistance (CFDA) number.
- Add the value of nonmonetary disbursements to the monetary expenditures to determine the total expenditures for CFDA numbers that have both monetary and nonmonetary disbursements. **If the institution has nonmonetary disbursements, contact the individual listed in the Questions section on page 2.**
- Use the hard copy or on-line ([www.cfda.gov](http://www.cfda.gov)) version of the Catalog to verify the CFDA numbers and program names.

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Important Items-Federal schedules template (continued)**

- **Do not use CFDA number 00.000.** Contact the entity that provided the funds to determine the correct and complete CFDA number. At a minimum, each entity is required to identify the Federal grantor agency with the first two digits of the CFDA number (i.e., 10.000, 93.000).
- Do not report the expenditure detail for different grants within one CFDA number on the schedules. Instead, sum the expenditures and report the total expenditures for each CFDA number.
- OMB Circular A-133 defines research and development “as all research activities, both basic and applied, and all development activities that are performed by a non-profit organization.”
  - Research is a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development.
  - Development is the systematic use of knowledge gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

**Important  
Items-Pass-  
through  
schedules**

**Do not include payments to vendors under contract for the purchase of goods and services on the pass-through schedules.**

The medium through which payment is rendered (IAT, check, etc.) does not determine whether the relationship is vendor or subrecipient.

A **subrecipient** is “any person or government department, agency, or establishment that receives Federal financial assistance to carry out a program through a State or Local government, but does not include an individual that is a beneficiary of such a program.”

Consider the following characteristics to identify a subrecipient or vendor relationship.

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Important Items-Pass-through schedules (continued)**

**SUBRECIPIENT**

- Determines who is eligible to receive Federal financial assistance.
- Has its performance measured by meeting the objectives of the Federal program.
- Has responsibility for programmatic decision making.
- Has responsibility for adherence to applicable Federal program compliance requirements.
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

**VENDOR**

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to compliance requirements of the Federal program.

**DOA strongly encourages communication between entities exchanging Federal pass-through funds.** Such communication ensures consistent reporting and reduces the time required for statewide compilation and audit. Contact Penny Williams at DOA if the institution needs assistance with identifying the Federal contacts at other agencies.

DOA will perform a variance analysis for pass-through funds received and pass-through funds disbursed among State agencies / institutions. DOA will investigate significant variances, and **State agencies / institutions will be required to explain these variances IN WRITING by a due date to be determined in future communications.**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Important  
Items-  
Reporting loan  
programs**

Report loan programs using criteria in the following table.

<b>If the loan program is...</b>	<b>Then Federal Expenditures should be...</b>
Campus based loan program (Perkins - #84.038, Health Professions Loans - #93.342, Nursing Student Loans - #93.364)	Loans receivable balances at year- end plus any administrative costs recovered.
Non-campus based loan program (Federal Family Education Loans - #84.032, Federal Direct Student Loans - #84.268, and #93.108 – Health Education Assistance Loans)	Value of loans disbursed during the fiscal year. Be sure to include subsidized and non-subsidized loan balances. Include PLUS loan balances if the university is the eligible lender (instead of the bank).
College Facilities Loan (#84.142)	Outstanding balances of loans payable at year-end.
Capitalization Grants for State Revolving Funds (#66.458) and Capitalization Grants for Drinking Water State Revolving Fund (#66.468)	Distributions to the Virginia Resources Authority for subsequent disbursements to subrecipients and administrative costs recovered.
Economic Adjustment Assistance Program (#11.307)	Cash on hand and outstanding balance of loans receivable from subrecipients at year-end.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Preparing the  
federal  
schedules.xls  
template;  
RECEIVED  
FROM STATE  
tab**

The **Received from State tab** identifies Federal assistance disbursed from other State agencies / institutions and received by the institution in a subrecipient relationship. The Federal assistance is listed by CFDA number and by State grantor agency / institution. **Report amounts related to unknown CFDA numbers that were received from state agencies/institutions on this tab and expenditures made from these funds on the SEFA tab.**

Instructions for preparing the **Received from State tab** are in the following table.

Step	Action
1	Click on the RECEIVED FROM STATE tab. Enter your institution number in cell B2 (the first yellow highlighted cell). After you type in the institution number, hit enter and your institution name should appear in cell B1, the cell directly above "agency number". The institution number and title are linked to the remaining tabs. Make sure your institution number appears on all other spreadsheets. <b>ONLY include federal money received from a Virginia state agency/institution.</b>
2	In Column B, enter the State agency / institution number for the agency / institution that disbursed Federal pass-through funds to your institution beginning on line 8. <b>Fill in one line for each grantor agency/institution and CFDA.</b> When you hit enter, your institution number should appear in Column A, and the grantor state agency / institution name should appear in Column C. Please ensure that the correct agency / institution names appear to ensure you have keyed the correct agency number.
3	Key the CFDA numbers in numerical order in Column D. As each CFDA number is keyed, hit enter. The federal program name will appear in Column E. Please ensure this is the name of the program under which the funds were received.  Report each CFDA number only <b>once</b> on the schedule <b>unless</b> the CFDA number has <b>both</b> research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column G to indicate R & D expenditures.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Preparing the federal schedules.xls template; RECEIVED FROM STATE tab (continued)**

<b>Step</b>	<b>Action</b>
4	In Column F, enter the total amount of pass-through funds received from other State agencies/institutions. Use the cash basis or the value of nonmonetary assistance to report these receipts. <b>Expenditures made from these funds should also be included on the SEFA tab.</b>
5	<b>A column titled "Program Name - Unidentified CFDA Number" has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.</b>

**Preparing the federal schedules.xls template; RECEIVED FROM NONSTATE tab**

The **Received from Nonstate tab** identifies Federal assistance disbursed from non-state entities and received by the institution in a subrecipient relationship. **Also, this tab identifies the Federal expenditures made from the pass-through funds received from the non-state entities.** (See page 5 for the definition of non-state entities.) The Federal receipts and disbursements are listed by CFDA number **and** by non-state entity name. **Report amounts related to unknown CFDA numbers that were received from non-state entities and the related expenditures made from the pass-through funds received on this tab. DO NOT report expenditures made from the pass-through funds received from non-state entities on the SEFA tab.**

**DO NOT ABBREVIATE THE NON-STATE ENTITY NAMES. DOA WILL NOT ACCEPT TEMPLATES THAT CONTAIN ABBREVIATIONS.**

Instructions for preparing the **Received from Nonstate tab** are in the following table.

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

**Preparing the federal schedules.xls template; RECEIVED FROM NONSTATE tab (continued)**

<b>Step</b>	<b>Action</b>
1	<b>Click on the RECEIVED FROM NONSTATE tab.</b> Do not enter the agency number and name. This information is linked to the <b>RECEIVED FROM STATE</b> tab. <b>ONLY</b> include federal money received by your agency from a non-state entity on this tab. <b>The Federal Government is not a non-state entity.</b>
2	Fill in the non-state entity grantor name ( <b>DO NOT USE ABBREVIATIONS</b> ) in Column B beginning on line 8. As each entity is keyed, hit enter. Your agency number will appear in Column A. <b>Fill in one line for each non-state entity grantor and CFDA.</b>
3	Key the CFDA numbers in numerical order in Column C. As each CFDA number is keyed, hit enter. The federal program name will appear in Column D. Please ensure this is the name of the program under which the funds were received.  Report each CFDA number only <b>once</b> on the schedule <b>unless</b> the CFDA number has <b>both</b> research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column G to indicate R & D expenditures.
4	In Column E, enter the total dollar amount of Federal pass-through funds received from non-state entities for each CFDA number. Use the cash basis or the value of nonmonetary assistance to report the receipts.
5	In Column F, enter the total dollar amount of Federal expenditures made from the pass-through funds received from non-state entities. Enter a zero if no funds were expended, and report negative amounts if applicable. <b>Expenditures / disbursements made from these funds should NOT be reported on the SEFA tab.</b>
6	<b>A column titled "Program Name - Unidentified CFDA Number" has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.</b>

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

Preparing the  
federal  
schedules.xls  
template;  
**DISBURSED  
TO STATE** tab

The **Disbursed to State** tab identifies Federal assistance disbursed from the institution to subrecipient State agencies / institutions. The Federal disbursements are listed by CFDA number and by State receiving agency / institution. **Report amounts related to unknown CFDA numbers that were disbursed to state agencies/institutions on this tab. These amounts should also be included on the SEFA tab.**

Instructions for preparing the **Disbursed to State** tab are in the following table.

Step	Action
1	Click on the DISBURSED TO STATE tab. Do not enter the institution number and name. This information is linked to the <b>RECEIVED FROM STATE</b> tab. <b>ONLY include federal money disbursed from your institution to a Virginia state agency/institution on this tab.</b>
2	In Column B, enter the <b>State</b> agency / institution number for the agency / institution to which the institution disbursed Federal pass-through funds beginning on line 8. <b>Fill in one line for each grantor agency/institution and CFDA.</b> When you hit enter, your institution number should appear in Column A, and the subrecipient state agency / institution name should appear in Column C. Please ensure that the correct agency / institution names appear to ensure you have keyed the correct agency / institution number.
3	Key the CFDA numbers in numerical order in Column D. As each CFDA number is keyed, hit enter. The federal program name will appear in Column F. Please ensure this is the name of the program under which the funds were received.  Report each CFDA number only <b>once</b> on the schedule <b>unless</b> the CFDA number has <b>both</b> research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column E to indicate R & D expenditures.
4	In Column G, enter the total amount of pass-through funds disbursed to other State agencies / institutions. Use the cash basis or the value of nonmonetary assistance to report the disbursements. <b>These disbursements should also be included on the SEFA tab.</b>

*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

Preparing the federal schedules.xls template; **DISBURSED TO STATE** tab (continued)

Step	Action
5	A column titled “Program Name - Unidentified CFDA Number” has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.

Preparing the federal schedules.xls template; **DISBURSED TO NONSTATE** tab

The **Disbursed to Non-state** tab identifies Federal assistance disbursed from the institution to subrecipient non-state entities. (See page 5 for the definition of non-state entities.) The Federal disbursements are listed by CFDA number only. Do not report the names of the non-state entities. **Report amounts related to unknown CFDA numbers that were disbursed to non-state entities on this tab. These amounts should also be included on the SEFA tab.**

Instructions for preparing the **Disbursed to Non-state Entities** tab are in the following table.

Step	Action
1	Click on the DISBURSED TO NONSTATE tab. Do not enter the institution number and name. This information is linked to the <b>RECEIVED FROM STATE</b> tab. <b>ONLY include federal money disbursed from your institution to a non-state entity on this tab.</b>
2	Key the CFDA numbers in numerical order in Column B beginning on line 8. <b>Fill in one line for each CFDA number.</b> As each CFDA number is keyed, hit enter. Your institution number will appear in Column A, and the federal program name will appear in Column C. Please ensure this is the name of the program under which the funds were received.  Report each CFDA number only <b>once</b> on the schedule <b>unless</b> the CFDA number has <b>both</b> research and development (R & D) expenditures and expenditures other than R & D. Key “@” in Column E to indicate R & D expenditures.

*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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Preparing the federal schedules.xls template; **DISBURSED TO NONSTATE** tab (continued)

Step	Action
3	In Column D, enter the total amount of Federal pass-through funds disbursed to non-state entities for each CFDA number. Use the cash basis or the value of nonmonetary assistance to report the disbursements. <b>These disbursements should also be included on the SEFA tab.</b>
4	<b>A column titled “Program Name - Unidentified CFDA Number” has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.</b>

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Preparing the federal schedules.xls template; **SEFA** tab

The **SEFA** tab should include all federal expenditures/disbursements, except for the expenditures/disbursements reported on the **RECEIVED FROM NONSTATE** tab. **Report all expenditure/disbursement amounts related to unknown CFDA numbers on this tab except those expenditures/disbursements reported on the RECEIVED FROM NONSTATE tab.**

Instructions for preparing the **SEFA** tab are in the table below.

Step	Action
1	Click on the SEFA tab. Do not enter the institution number and name. This information is linked to the <b>RECEIVED FROM STATE</b> tab.
2	<p>In Column C, type in the appropriate CFDA number beginning on line 8. Hit Enter. Your institution number should automatically appear in Column A. The appropriate Federal grantor agency should automatically appear in Column B, and the Federal program name should automatically appear in Column E.</p> <p>Report each CFDA number only <b>once</b> on the schedule <b>unless</b> the CFDA number has <b>both</b> research and development (R &amp; D) expenditures and expenditures other than R &amp; D. Key “@” in Column D to indicate R &amp; D expenditures.</p>

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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Preparing the federal schedules.xls template; SEFA tab (continued)

Step	Action
3	Report all Federal disbursements in Column F, except expenditures/disbursements reported on the <b>RECEIVED FROM NONSTATE</b> tab.
4	<b>A column titled “Program Name - Unidentified CFDA Number” has been added to each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this new column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.</b>
5	Ensure the Federal program name is consistent throughout all applicable worksheets. If the name is unknown, use Other Assistance as the program name.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Reconciliation  
of the Schedule  
of Expenditures  
of Federal  
Awards**

The **Reconciliation of the Schedule of Expenditures of Federal Awards** reconciles the expenditures reported on the **SEFA tab** plus the expenditures reported on the **Received from Nonstate tab** to the amount of Federal expenditures recorded on the institution's accounting system.

Incomplete or improper **Reconciliations of the Schedule of Expenditures of Federal Awards** will be returned to the institution. **The institution will be asked to resubmit the reconciliation and will be cited for noncompliance in the Report on Statewide Financial Management and Compliance (Quarterly Report).** **Noncompliance with the Directive could adversely affect an institution's ability to meet management standards.**

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**Preparing the  
recon-he.xls  
template for  
accounting  
system**

Instructions for preparing the **Reconciliation of the Schedule of Expenditures of Federal Awards** to the institution's accounting system are in the following table.

Step	Action
1	Open the recon-he.xls file.
2	Enter the institution number, contact information, and date completed in the applicable cells highlighted in yellow.
3	The institution name will automatically be entered in cell C2 once the institution number has been entered in cell C1.
4	In cell E11, enter the total Federal Expenditures amount as reported on the <b>SEFA tab</b> .
5	In cell E12, enter the total Federal Expenditures amount as reported on the <b>Received from Nonstate tab</b> .
6	In cell E16, enter the total Federal expenditures recorded in the institution's accounting system.
7	The difference between the expenditures as reported on the <b>SEFA tab plus the expenditures reported on the Received from Nonstate tab</b> and the expenditures in the institution's accounting system will be calculated in cell E19. <b>This difference should be completely reconciled before submission to DOA.</b>
8	Begin reconciling items on line 22.

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-6**  
**Federal Schedules**

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**Preparing the recon-he.xls template for accounting system (continued)**

<b>Step</b>	<b>Action</b>								
9	<p>Enter a brief description for each reconciling item in Column A. Enter the dollar amount in Column E. See the following examples:</p> <table><tr><td>Cash Basis AJE</td><td></td></tr><tr><td>    For Perkins loan program</td><td>\$XXX</td></tr><tr><td>Nonmonetary disbursements</td><td>\$XXX</td></tr><tr><td>Indirect Costs</td><td>\$XXX</td></tr></table> <p>(The institution may or may not have the reconciling items listed above.)</p>	Cash Basis AJE		For Perkins loan program	\$XXX	Nonmonetary disbursements	\$XXX	Indirect Costs	\$XXX
Cash Basis AJE									
For Perkins loan program	\$XXX								
Nonmonetary disbursements	\$XXX								
Indirect Costs	\$XXX								
10	<p>The sum of the reconciling items must equal the difference between the expenditures on the <b>SEFA tab</b> plus the expenditures on the <b>Received from Nonstate tab</b> and the expenditures in the institution's accounting system (cell E19).</p> <p><u><b>If these amounts do not equal, further investigation is required because DOA will not accept incomplete or improper reconciliations.</b></u></p>								
11	<p>Do not send the supporting documents for the reconciliations to DOA. Only submit the reconciliations to DOA. A copy of the reconciliation and all supporting documents should remain at the institution for potential APA review.</p>								



**Comptroller's Directive No. 1-06**  
**Attachment HE-7**  
**Reconciliation of Appropriation Available and Appropriation Revenue**

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**Purpose** Appropriations available and appropriation revenue are not reported as line items in the CAFR. For CAFR purposes, DOA must eliminate appropriation available and either eliminate or reclassify appropriation revenue. The purpose of this attachment is to provide DOA with detailed information for appropriations available and appropriation revenue amounts so that proper elimination and reclassification entries can be recorded. **The amounts reported on this Attachment must agree to amounts reported on the financial statement template by line item (capital projects, ETF, etc).**

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**Applicable institutions** All institutions **must** complete this attachment.

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**Due date** **September 7, 2006**

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**Submission requirements** Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-7.** For example, VCCS should rename the Attachment HE-7.xls file as VCCS Attachment HE-7.xls. This file includes the following two attachment tabs: **TAB 1-Att** and **TAB 2-Att**. Complete both tabs.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of this spreadsheet.

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**Changes** For prior year amounts to appear on TAB 1 - Part 2, select the institution's acronym and the #N/As will be replaced with prior year amounts.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-7**  
**Reconciliation of Appropriation Available and Appropriation Revenue**

---

**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (TAB 3-RCL) in the attachment excel file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-7**  
**Reconciliation of Appropriation Available and Appropriation Revenue**

**Appropriation  
available line  
items**

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Appropriation Available on the Statement of Net Assets may be reported on the following line items ONLY. Each institution may not need to use all of these line items.

- Capital Projects
- General Obligation Bonds
- 21<sup>st</sup> Century Bond Program
- Virginia Public Building Authority
- Other

Note: This attachment refers to the Statement of Net Assets and Statement of Activities which are in the financial statement template. It also only refers to amounts that will be reported in the "HEI Total Year-End June 30, 2006" column.

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**Appropriation  
revenue line  
items**

Appropriation Revenue on the Statement of Activities may be shown on the following line items ONLY. Each institution may not need to use all of these line items.

- Capital Projects
  - General Obligation Bonds
  - 21<sup>st</sup> Century Bond Program
  - Virginia Public Building Authority
  - E&G Transfers (GLAs 969/970)
  - General Fund Transfers (GLAs 996/997)
  - Nongeneral Fund Transfers (GLAs 982/983)
  - General / Nongeneral Fund Transfers (GLAs 984/985)
  - Other
- 

**Transfers  
reported as  
appropriation  
revenue**

The transfer GLAs identified below are reported by the institutions as appropriation revenue. Appropriation available is usually not reported for the transfer GLAs (969/970, 996/997, 982/983, 984/985). Appropriation revenue reported on this attachment should agree to the appropriation revenue amounts reported on the Statement of Activities by line item.

For CAFR purposes, DOA will reclassify or eliminate appropriation revenue.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-7**  
**Reconciliation of Appropriation Available and Appropriation Revenue**

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**Non-Transfer  
items reported  
as  
appropriation  
available /  
revenue**

The following sections of this attachment discuss items that are not transfers that may be reported as Appropriation Available and / or Appropriation Revenue line items. This activity is reported on TAB 1 of the attachment.

For CAFR purposes, DOA will eliminate appropriation available and either eliminate or reclassify appropriation revenue. In those instances where activity is reported by both the institution and by either VPBA or VCBA, eliminations are necessary to avoid double-counting in the CAFR.

**For more detail regarding journal entries, please refer to the “Higher Education Accounting Procedures” on DOA’s website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the “Financial Reporting” button, then click on “Higher Education Accounting Procedures.”**

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**Reporting  
capital projects**

Represents General Fund (fund 0100) cash (GLA 101) and appropriation revenue that is in the capital outlay program 998.

The cash is considered part of the General Fund of the Commonwealth at June 30. The higher education institutions must record this cash as Appropriation Available-Capital Projects because DOA must eliminate this appropriation available to avoid double counting assets in the CAFR.

**Appropriations Available**

1. Report beginning appropriation available (should equal prior year ending balance) on the first line in the Capital Projects appropriation available section. Review Part 2 and complete if necessary.
  2. Report capital projects appropriation revenue net of any reversions on the second line. (This increases appropriation available)
  3. Report current year expenditures on the third line. (This decreases appropriation available)
  4. The ending balance for appropriation available should equal the unexpended appropriation amount for Fund 0100, Program 998. It should also approximate the cash balance (GLA 101) in Fund 0100, Program 998.
  5. Report the Net Asset line item(s) and an amount for each Net Asset line item that appropriation available is included in on the Statement of Net Assets (For example, Expendable Capital Projects, etc.). Contact DOA if more than one Net Asset line item is affected.
  6. The total amount reported for Capital Projects appropriation available on the attachment must equal the amount reported on the Capital Projects appropriation available line item on the Statement of Net Assets.
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*Continued on next page*

## Comptroller's Directive No. 1-06

### Attachment HE-7

## Reconciliation of Appropriation Available and Appropriation Revenue

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#### Reporting Capital Projects, *continued*

#### Appropriation Revenue

1. Report current year appropriation revenue on the first line in the Capital Projects appropriation revenue section.
  2. Report any current year capital projects reversions on the second line.
  3. The net amount reported (revenue less reversions) must equal the amount reported on the Capital Projects appropriation revenue line item on the Statement of Activities.
- 

#### Reporting General Obligation Bonds (GOB)

Represents capital project General Obligation Bond (fund 0811) activity.

#### Appropriation Available

1. Report the GOB beginning balance (should equal prior year ending balance) on the first line in the GOB appropriation available section. Review Part 2 and complete if necessary.
2. Report current year GOB appropriation revenue on the second line. (This increases appropriation available.)
3. Report amounts reimbursed by Treasury (not expenditures) on the third line. (This decreases appropriation available.)
4. Report the Net Asset line item(s) and an amount for each Net Asset line item that appropriation available is included in on the Statement of Net Assets (e.g., Expendable Capital Projects, etc.). Contact DOA if more than one Net Asset line item is affected.
5. The total amount reported for GOB appropriation available on the attachment must equal the amount reported on the General Obligation Bonds appropriation available line item on the Statement of Net Assets.

#### Appropriation Revenue

1. Report current year appropriation revenue on the first line in the GOB appropriation revenue section. (See the Higher Education Institution Accounting Procedures on how to calculate appropriation revenue.)
  2. The total amount reported for GOB appropriation revenue on the attachment must equal the amount reported on the General Obligation Bonds appropriation revenue line item on the Statement of Activities.
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## Comptroller's Directive No. 1-06

### Attachment HE-7

## Reconciliation of Appropriation Available and Appropriation Revenue

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#### Reporting 21<sup>st</sup> Century Bond Program

Represents VCBA 21<sup>st</sup> Century Bond Program (fund 0817) activity.

#### **Appropriation Available**

1. Report the 21<sup>st</sup> Century beginning balance (should equal prior year ending balance) on the first line in the 21<sup>st</sup> Century appropriation available section. Review Part 2 and complete if necessary.
2. Report current year 21<sup>st</sup> Century appropriation revenue on the second line. (This increases appropriation available.)
3. Report amounts reimbursed by Treasury (not expenditures) on the third line. (This decreases appropriation available.)
4. Report the Net Asset line item(s) and an amount for each Net Asset line item that appropriation available is included in on the Statement of Net Assets (e.g., Expendable Capital Projects, etc.). Contact DOA if more than one Net Asset line item is affected.
5. The total amount reported for 21<sup>st</sup> Century appropriation available on the attachment must equal the amount reported on the 21<sup>st</sup> Century appropriation available line item on the Statement of Net Assets.

#### **Appropriation Revenue**

1. Report current year appropriation revenue on the first line in the 21<sup>st</sup> Century appropriation revenue section. (See the Higher Education Institution Accounting Procedures on how to calculate appropriation revenue.)
  2. The total amount reported for 21<sup>st</sup> Century appropriation revenue on the attachment must equal the amount reported on the 21<sup>st</sup> Century appropriation revenue line item on the Statement of Activities.
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**Comptroller's Directive No. 1-06**  
**Attachment HE-7**  
**Reconciliation of Appropriation Available and Appropriation Revenue**

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**Reporting  
Virginia Public  
Building  
Authority  
(VPBA)**

Represents VPBA funding (fund 0821/0820).

**Appropriation Available**

1. Report the VPBA beginning balance (should equal prior year ending balance) on the first line in the Virginia Public Building Authority appropriation available section. Review Part 2 and complete if necessary.
2. Report current year VPBA appropriation revenue on the second line. (This increases appropriation available.)
3. Report amounts reimbursed by Treasury (not expenditures) on the third line. (This decreases appropriation available.)
4. Report the Net Asset line item(s) and an amount for each Net Asset line item that appropriation available is included in on the Statement of Net Assets (e.g., Expendable Capital Projects, etc.). Contact DOA if more than one Net Asset line item is affected.
5. The total amount reported for VPBA appropriation available on the attachment must equal the amount reported on the VPBA appropriation available line item on the Statement of Net Assets.

**Appropriation Revenue**

1. Report current year appropriation revenue on the first line in the Virginia Public Building Authority appropriation revenue section. (See the Higher Education Institution Accounting Procedures on how to calculate appropriation revenue.)
  2. The total amount reported for VPBA appropriation revenue on the attachment must equal the amount reported on the VPBA appropriation revenue line item on the Statement of Activities.
-

## Comptroller's Directive No. 1-06

### Attachment HE-7

## Reconciliation of Appropriation Available and Appropriation Revenue

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#### Reporting Other Appropriation Available / Revenue

Represents any appropriation available or appropriation revenue activity that does not fit any of the above categories or transfer categories.

Includes **all** General Fund (fund 0100) cash (GLA 101), **except** cash that is in the capital outlay program 998. Program 998 cash should be reported on the Capital Projects line. Most of this activity is a result of remaining cash in fund 0100, programs 108 and 110. Fund 0100, program 108 and 110 amounts represent appropriations for Scholarships and Fellowships and Financial Assistance for Educational and General Services respectively.

#### **Appropriation Available**

1. Report remaining cash for Programs 108 and 110 on separate lines in the Other Appropriation Available section. (Do not report an amount if funds are being reverted and will not be included on the Statement of Net Assets.)
2. Report amounts for other balances that fit in the "Other" section on separate lines and give a description of what they represent.
3. Report the Net Asset line item(s) and an amount for each Net Asset line item that appropriation available is included in on the Statement of Net Assets. Contact DOA if more than one Net Asset line item is affected.
4. The total amount reported for Other appropriation available on the attachment must equal the amount reported on the Other appropriation available line item on the Statement of Net Assets.

#### **Appropriation Revenue**

1. Report current year appropriation revenue for Programs 108 and 110 on separate lines in the Other appropriation revenue section.
2. Report reversions and/or reappropriations on separate lines for Programs 108 and 110.
3. Report amounts for other balances that fit in the "Other" section on separate lines and give a description of what they represent.
4. The total amount reported for Other appropriation revenue on the attachment must equal the amount reported on the Other appropriation revenue line item on the Statement of Activities.

#### **Do not report appropriation available for:**

1. Fund 0100 Cash (GLA 101) that is being reverted and will not be reported on the Statement of Net Assets;
  2. Cash or travel advances (Report as cash and travel advances with an offsetting liability reported on the Advance from the Treasurer of Virginia line.);
  3. Cash that is in a suspense account in Fund 0100; and
  4. Cash that is a result of Fund 0100 revenue (GLA 961).
-



## Comptroller's Directive No. 1-06

### Attachment HE-7

## Reconciliation of Appropriation Available and Appropriation Revenue

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#### Reporting transfer GLAs

There is a separate tab (TAB 2) to report transfer GLAs on the attachment.

1. Report appropriation revenue for each pair of GLAs in the corresponding section. (For example, report GLAs 969/970 in the GLA 969/970 section and report GLAs 996/997 in the GLA 996/997 section).
  2. Report an amount for each GLA on a separate line. (For example, report the amount for GLA 969 on one line and the amount for GLA 970 on another line in the GLA 969/970 section.)
- 

#### Reporting E&G (GLAs 969/970) transfers

Education & General (E&G) appropriation revenue and the corresponding cash are transferred from the General Fund (fund 0100) to Fund 0300, program 100 of each Institution using GLAs 969/970. **The total amount reported for GLAs 969/970 on the attachment must equal the amount reported on the E&G transfers (GLAs 969/970) line item on the Statement of Activities.**

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#### Reporting general fund (GLAs 996/997) transfers

Represents any year-end E&G appropriation reversion or reappropriation to / from fund 0300.

Most institutions report the current year reversion as a reduction to appropriation revenue so the net amount for GLAs 996/997 will be negative.

Several institutions reduce current year appropriation revenue by the prior year reversion amount. If this method is used the institution should report the prior year reversion (which is not on CARS in the current year) in the GLAs 996/997 section of the attachment.

**The total amount reported for GLAs 996/997 on the attachment must equal the amount reported on the General fund transfers (GLAs 996/997) line item on the Statement of Activities.**

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#### Reporting non general (GLAs 982/983) transfers

Represents higher education transfers between nongeneral funds of the Commonwealth, i.e., 0200, 0400, 0700 funds. **The total amount reported for GLAs 982/983 on the attachment must equal the amount reported on the Nongeneral fund transfers (GLAs 982/983) line item on the Statement of Activities.**

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#### Reporting general / non general (GLAs 984/985) transfers

Represents higher education transfers between the general fund and other funds of the Commonwealth. **The total amount reported for GLAs 984/985 on the attachment must equal the amount reported on the Gen/Nongeneral fund transfers (GLAs 984/985) line item on the Statement of Activities.**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-7**  
**Reconciliation of Appropriation Available and Appropriation Revenue**

**Example**

The following tables give **examples** of the type of information requested:

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Financial Statement Line Item	Appropriation Available Activity	Amount	Net Assets Line Item	Appropriation Revenue Activity	Amount
E&G Transfers (GLAs 969/970)				GLA 969, Fund 0300 GLA 970, Fund 0300	68,500,000 (500,000)
				Total E&G Transfers per Statement of Activities	68,000,000

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Financial Statement Line Item	Appropriation Available Activity	Amount	Net Assets Line Item	Appropriation Revenue Activity	Amount
General Fund Transfers (GLAs 996/997)				GLA 996, Fund 0300 GLA 997, Fund 0300	1,250 (23,750)
				Total General Fund Transfers per Statement of Activities	(22,500)

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Financial Statement Line Item	Appropriation Available Activity	Amount	Net Assets Line Item	Appropriation Revenue Activity	Amount
Capital Projects	Beginning Balance	75,000			
	Net Appropriation Revenue	225,000		Current Year Appropriation Revenue Current Year Reversion	250,000 (25,000)
	Current year expenditures	(80,000)			
	Total Capital Projects per Statement of Net Assets	220,000	Expendable Capital Projects	Total Capital Projects per Statement of Activities	225,000

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**Comptroller's Directive No. 1-06**  
**Attachment HE-8**  
**Equipment Trust Fund (ETF) Program**

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**Introduction**

The Virginia College Building Authority (VCBA) was established to provide state-supported institutions of higher education bond proceeds for financing the acquisition and replacement of instructional and research equipment. This program is referred to as the Equipment Trust Fund Program (ETF). This attachment is to obtain amounts reported on the financial statement template related to the ETF Program.

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**Applicable institutions**

All institutions **must** complete this attachment.

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**Due date**

**September 7, 2006**

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**Submission requirements**

Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-8.** For example, VCCS should rename the Attachment HE-8.xls file as VCCS Attachment HE-8.xls.

**Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).**

**Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).**

**Do not submit paper copies of this spreadsheet.**

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**Attachment revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log Tab \(TAB 2-RCL\)](#) in the attachment excel file.**

Enter the revision date, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-8**  
**Equipment Trust Fund (ETF) Program**

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**Entries for ETF reimbursement from VCBA & related entries**

The reimbursement received from VCBA for equipment purchases is equivalent to a donation. Therefore, higher education institutions must record revenue for the funds received from VCBA that relate to equipment. **The reimbursement amount must be recorded on the line item Capital Gifts and Grants (ETF) or Other Gifts and Grants\* (ETF) on the financial statement template.**

\*Other Gifts and Grants (ETF) line item represents reimbursement amounts for noncapitalizable equipment.

For more detail regarding journal entries to record ETF program activity, please refer to the "Higher Education Accounting Procedures" on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on "Financial Reporting" then click on "Higher Education Accounting Procedures."

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**Attachment information**

- Provide the end of year balance for the amount due from the Commonwealth related to ETF purchases. Report this balance on the line item **Due from Primary Government** on the financial statement template.
  - Provide the revenue amount for reimbursements received (plus the current year accrual less prior year's accrual) from VCBA related to equipment. This amount must be recorded on the line **Capital Gifts and Grants (ETF) or Other Gifts and Grants (ETF)** on the financial statement template.
-

**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

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**GASBS No. 16**  
**requirements**

GASB Statement No. 16, *Accounting for Compensated Absences*, requires the accrual of compensated absences liability. Leave Liability should include the following.

- Employer's share of Social Security and Medicare taxes on all accrued compensated absences
  - Termination payments for sick leave or disability credits for those employees who are not presently vested but who will probably attain the 5 years of service required to vest
  - Other leave earned such as on-call, overtime, compensatory and sabbatical leave (if unrestricted in nature) that has not been used by or paid to the employee
  - Employer contribution payments made to defined contribution or cost-sharing multiple employer defined benefit pension plans, if associated with service
- 

**GASBS No. 34**  
**definitions**

GASB Statement No. 34 **did not** change how total leave is calculated under GASB Statement No. 16. GASB Statement No. 34 **did** change how the current portion (amount due within one year) is calculated. The liability for compensated absences (leave liability) that each institution accrues in the financial statements must be split into current and long-term portions as defined below.

**Total Leave Liability:** This is the liability for accrued annual leave, sick leave or disability credits, compensatory leave, on-call leave, overtime, applicable sabbatical leave (compensated allowances) and related taxes for all leave-eligible employees employed by the Institutions on June 24, 2006.

**Current Leave Liability – Due within one year:** Compensated absences liabilities become due upon the occurrence of relevant events such as resignations, retirements, and usage of leave balances. These occurrences and related dollar amounts cannot be known reliably in advance so the portion of compensated absences due within one year must be estimated.

**Long-term Leave Liability – Due more than one year:** This is the total leave liability less the amount due within one year.

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**Informational**

This attachment is for informational purposes only and **should not** be submitted to DOA. However, the amount calculated should be included on the financial statement template submitted to DOA. This attachment is similar to the prior year Attachment HE-9.

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

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**Impact of  
Virginia  
Sickness and  
Disability  
Program  
(VSDP)**

For those employees who participate in the VSDP and converted sick leave balances to Virginia Retirement System service credit, the accrual for compensated absences will no longer include an amount for sick leave.

However, for those employees who participate in the VSDP and converted sick leave balances to disability credits, the accrual for compensated absences **will include an amount for disability credits**. The calculation of this amount should result in the same amount as would have been calculated for sick leave had these employees remained in the non-VSDP sick leave program.

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**Sabbatical  
leave  
requirements**

Accrue sabbatical leave for an employee who receives **unrestricted** time off as compensation for past service. Accrue the liability during the period the employee earns the right to the leave if it is probable that the institution will compensate the employee for the benefits through paid time off or some other means.

Do **not** accrue sabbatical leave if the sabbatical constitutes a change in assigned duties and the salary paid during the leave is compensation for service during the period of the leave. This is only a change in the types of services the employee provides to or for the benefit of the institution and is considered **restricted** time off.

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**Contributions  
to pension  
plans**

The accrual **should include** the required contribution to a defined contribution or cost-sharing multiple-employer defined benefit pension plan if the institution is liable for a contribution to the plan based on termination payments made to employees for vacation leave, sick leave, or other compensated absences. **Consider whether or not Optional Retirement Plan (ORP) contributions should be included in the institution's accrued leave liability.**

Since VRS is an agent multiple-employer defined benefit plan, no additional accrual is necessary for VRS contributions.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

---

**CIPPS users –  
Calculating  
Leave Liability**

If CIPPS is used for leave, obtain CIPPS reports (U020, U027) through 6/24/06, and perform the following steps. Also, reports U020 and U027 have been modified to include program and fund/fund detail information.)

Step	Action
1	<p>Adjust the total leave liability to include missing amounts if the U027 Report does <b>not</b> reflect all transactions through 6/24/06.</p> <p>Adjust the total leave liability for payouts to terminated employees paid after 6/24/06 and prior to 7/1/06.</p> <p><b><u>Do not</u></b> adjust the leave liability for the following reasons.</p> <ul style="list-style-type: none"><li>• Leave slips for absences during 6/25/06 through 6/30/06</li><li>• Late leave slips for leave taken from 6/10/06 through 6/24/06.</li></ul>
2	<p>Compute additional leave liability for sabbatical leave not accounted for on CIPPS and any non-VRS pension contributions if applicable. (Since VRS is an agent multiple-employer defined benefit plan, no additional accrual is necessary for VRS contributions.)</p>
3	<p>Compute the current leave liability using the methodology on Instructions – Page 6 to 7 or other methodology approved by your auditors.</p> <p>Total leave liability calculated in Steps 1 and 2 less the calculated current portion (Amount due within one year) equals the long-term liability (Amount due more than one year).</p>
4	<p>Retain copies of all computations for review by auditors.</p>

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**Note:** The CIPPS reports have been modified to include the Social Security (6.2% on a maximum salary base of \$94,200) and Medicare taxes (1.45%, no salary limit) on the accrued leave. The reports also include probability factors for the accrual of unvested sick leave or disability credits.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

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**Non-CIPPS  
users**

For individuals not on CIPPS, institutions have to manually calculate accrued leave balances.

If CIPPS is not used for leave, perform the following steps.

Step	Action
1	Using the records of the institution, determine the leave balance at June 30 for each employee. Leave should include annual, compensatory, overtime, on-call, <b>25% of sick leave or disability credits</b> , and applicable sabbatical leave.
2	Determine each employee's hourly rate by dividing the annual salary at June 30 by standard full time hours of 2,080.
3	Multiply the hours for each leave category by the hourly rate. <b>(See special instructions below for sick leave or disability credits.)</b>
4	Calculate and include employer's tax payment for Social Security and Medicare on the leave liability. Based on individual employee salaries, Social Security is 6.2% on a maximum salary base of \$94,200 and Medicare is 1.45% on all salaries.
5	Compute additional leave liability for sabbatical leave and any pension contributions if applicable.
6	Aggregate the information at the agency level.
7	Compute the current leave liability using the methodology on Instructions - Page 6 to 7 or other methodology approved by your auditors.  Total leave liability less the calculated current portion (Amount due within one year) equals the long-term liability (Amount due more than one year).
8	Retain copies of all computations for review by auditors.

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*Continued on next page*



**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

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**Non-CIPPS  
users - Sick  
leave or  
disability  
credits**

If the institution is a non-CIPPS user for leave purposes, the institution must consider the following limits in the calculations of sick leave or disability credit accruals.

- For employees with greater than 5 years of service, the sick leave or disability credits liability is limited to 25% of leave earned or \$5,000, whichever is less.
- For employees with less than 5 years of service, compute the sick leave or disability credits liability the same as for those with greater than 5 years of service, then **reduce** the amount based on the probability that the individual will eventually attain 5 years of service.

The Department of Human Resource Management has determined and provided the official probabilities for this purpose. The official probabilities are shown below in the formulas used for calculating sick leave or disability credits liability for employees with less than 5 years of service.

Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with <b>less than 1 year</b> service	X 35.75%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with <b>1 - 2 years</b> service	X 44.04%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with <b>2 - 3 years</b> service	X 59.96%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with <b>3 - 4 years</b> service	X 77.91%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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Total Individual Sick Leave or Disability Credits at 25% or \$5,000 per individual with <b>4 - 5 years</b> service	X 87.90%	= Sick Leave or Disability Credits Liability to be accrued on financial statements
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**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

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**Manually  
calculate the  
amount due  
within one year**

The total leave liability (total amount before deducting current leave liability) has already been calculated. Institutions have to manually calculate the leave liability amount that is due within one year. The following is a suggested methodology. Institutions may use any methodology that is agreed to by their auditors.

Perform the following steps to calculate the amount due within one year.

<b>Step</b>	<b>Action</b>
1	Project the number of annual and sick leave hours that will be accrued in the next fiscal year (7/1/06 to 6/30/07) for each employee and in total. (Maximum carry forward limits should not have to be taken into account as the amount accrued in a 12 month period cannot exceed the maximum limits by years of service).
2	Determine each employee's hourly rate by dividing the annual salary at June 30, 2006 by standard full time hours of 2,080.
3	<p>Multiply the projected hours in Step 1 for each leave category by the hourly rate in Step 2.</p> <p>If CIPPS is used for leave, DOA has developed a report (U007) entitled "Current Leave Accrual Balance" that computes the liability amounts required in Steps 1-3 by individual, fund, function, organization code, and company code. If you would like to receive this report contact:</p> <p>Ronald D. Necessary, CPA Director, Financial Reporting Department of Accounts P.O. Box 1971 Richmond, VA 23218-1971 Phone: (804) 225-2380 Fax (804) 225-2430</p>

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-9**  
**(Informational only)**  
**Manual Leave Liability Calculation Guidelines**

<b>Step</b>	<b>Action</b>
4	<p>Calculate a percentage for <b>annual</b> leave hours used and paid out compared to <b>annual</b> leave hours accrued. Calculate a second percentage for <b>sick</b> leave hours used and paid out compared to <b>sick</b> leave hours accrued. (For example, agency XYZ used and / or paid out 1,000 hours of annual leave. The annual leave hours earned for agency XYZ were 4,000. Therefore, the percentage factor for XYZ annual leave usage would be 25%). <b>This calculation can be done on a fiscal year or calendar year basis.</b></p> <p>If CIPPS is used for leave, DOA has developed a report (U008) entitled "Year End Leave Usage/Accrual Percentage Report" that computes the percentages required in Step 4 on a calendar year basis. If you would like to receive this report contact Ronald D. Necessary (see contact information in Step 3 on the previous page).</p>
5	Multiply the percentages for annual and sick leave usage in Step 4 by the projected annual and sick leave liability calculated in Step 3.
6	<p>Aggregate the information at the institution level. This is the amount due within one year.</p> <p>Total leave liability less the calculated current portion (Amount due within one year) equals the long-term liability (Amount due more than one year).</p>
7	Retain copies of all computations for review by auditors.

**Footnote  
Disclosure**

The following information is required footnote disclosure under GASBS No. 34. Enter this information on the Compensated Absences line on Attachment HE-10, TAB 5, LT Liabilities.

- Beginning Balance – should equal the prior year ending balance.
- Increases – use the projected amount calculated in Step 3 in FY 2005 or actual current year information.
- Decreases – calculated amount since other three amounts are known
- Ending Balance – should equal the total leave liability calculated.
- Amount due within one year – should equal the amount calculated in Step 6 above.
- Amount due more than one year – should equal the amount calculated in Step 6 above.

The projected leave liability calculated this year can be used as increases in fiscal year 2007. The projected leave liability calculated in fiscal year 2007 can be used as increases in fiscal year 2008 and so on.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

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**Purpose**

To obtain financial statement and footnote information from each higher education institution (HEI\*) including blended component units of the HEI. This attachment has a financial statement template (FST) and footnote tabs. It also has a Combining FST and footnote tabs for foundation\*\* information. This is similar to prior year Attachment HE-10. This attachment has a new Checklist tab to ensure completeness and propriety of this attachment.

\***HEI** referred to in this attachment is defined as the higher education institution and any blended component units.

\*\***Foundation** referred to in this attachment is defined as a foundation/entity that is a discrete component unit of the HEI as required by GASBS No. 39.

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**Applicable institutions**

All institutions **must** complete this attachment.

Note: The following tabs must be completed by all HEIs: FST, Checklist, TAB 6, TAB 7, and TAB 8. The following tabs must be completed by all HEIs that have foundation(s): Combining FST, TAB F6, and TAB F7. The remaining tabs must be completed if the HEI or the foundation(s) have amounts reported on certain line items or certain conditions exist.

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**Due date**

**September 28, 2006**

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# Comptroller's Directive 1-06

## Attachment HE-10

### Financial Statement Template

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#### Submission requirements

Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the excel file using the institution's acronym followed by "-FST."** For example, VCCS would save the file as VCCS-FST.xls. This file includes the following tabs: FST, Combining FST, Elimination Entries to FST (new), Checklist (new), eighteen footnote tabs, and the Revision Control Log.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of this spreadsheet.

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#### Attachment revisions

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab (RCL).**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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#### Additional guidance

See the **Financial Statement Template Preparation for Higher Education Institutions, Additional Guidelines for Preparation of the Financial Statement Template, and Combining Financial Statement Template Preparation for Foundation(s)** sections in the Office of the Comptroller's Directive 1-06 for additional guidance in completing this attachment.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Summary of Attachment Changes**

**Changes from  
the prior year's  
attachment**

Below is a summary of changes to this attachment:

**FST** – This tab has **eight additional line items** for the HEI to report amounts invested in the **State Non-Arbitrage Program (SNAP)** and the **Local Government Investment Pool (LGIP)**. (Note: Two additional LGIP investment line items have been added but they are for DOA use only. HEIs cannot enter amounts on these line items.) This tab also has **four additional line items** to report the HEI **accounts payable** footnote detail information. This resulted in TAB 4, Accounts Payable being eliminated.

**Checklist** – This is a new tab to help determine the completeness and propriety of the Attachment HE-10. This tab should be read before entering amounts in this attachment.

**Elimination Entries to FST** – Elimination entries can no longer be recorded directly on the FST. Significant intrafund balance/activity elimination entries between the HEI and the foundation(s) must be recorded on the **new** Elimination Entries to FST tab. This tab replaces the prior year's TAB 9, Eliminations.

**Elimination Entries to Footnotes** – In the prior year, footnote elimination entries were submitted to DOA in a separate file. For this year, any elimination entries to footnote line items will be recorded on the appropriate tab within the Attachment HE-10. An "ERROR" message will appear if the footnote tabs do not agree to the elimination entry amounts. The following tabs have been revised to record any elimination entries on the Combining FST and/or FST:

- TAB 2, Receivables – Part 2
- TAB 3, Capital Assets – Part 5
- TAB 5, LT Liabilities – Parts 5 - 8
- TAB F1, Cash, Cash Eqv, Inv – Part 2a
- TAB F3, Receivables – Parts 1 & 2
- TAB F4, Capital Assets – Part 1
- TAB F5.1, LT Liabilities – Parts 1 to 4

**TABS 2 & F3, Receivables** – These tabs include a new part to provide descriptions and amounts for "Other Receivables."

**Prior year TAB 5.1, Defeasance** – This tab is no longer included in this attachment. HEIs will be requested to submit information on new bond issuances and refundings throughout the year.

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*Continued on next page*

**Comptroller's Directive 1-06  
Attachment HE-10  
Financial Statement Template**

**Summary of Attachment Changes, continued**

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**Changes from  
the prior year's  
attachment,  
*continued***

**TAB 7, Miscellaneous** – This has **new parts** for the HEI to provide descriptions of amounts reported on the following line items: Other Assets (Part 12a), Other Restricted Assets (Part 12b), and Accounts Payable – Other (Part 11b).

**TAB F2, SNAP & LGIP** – Provide what Combining FST line item these amounts are reported on. A drop-down list is provided.

**TAB F7, Miscellaneous** – Prior year's Parts 2, 5, 6, and 7 are no longer required. This tab has **new parts** for the Foundation to provide descriptions of amounts reported on the following line items: Other Assets (Part 7a), and Other Restricted Assets (Part 7b).

**TABS 7 & F7, Miscellaneous** - TABS 7 (Part 13) and F7 (Part 9) both have **new parts** to document the calculation of the invested in capital assets, net of related debt amount.

**Governmental Accounting Standards Board (GASB) Statements 42, 46, and 47:** TABS 3 (Part 4) and 7 (Parts 14 & 15) have **new parts** regarding these new GASB statements.

**Other format changes** – There are some format changes that will be discussed in other sections of these instructions.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Financial Statement Template (FST)**

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**FST columns**

The HEI must enter amounts in the column titled “**HEI Total Year-End June 30, 2006.**” As noted on page 1, HEI is defined as the higher education institution and any blended component units. **Footnote TABS 1A, 1B, and 2 to 8** must be completed for amounts reported in this column.

The column “**Foundation(s) Year-End Totals**” is linked to the “Foundation(s) Year-End Totals” column on the Combining FST tab.

The column “**Elimination Entries**” is linked to the “Elimination Entries to FST – Combined Total” column on the **new** Elimination Entries to FST tab.

The “**Combined Total**” column sums the three columns and will be linked to the CAFR with some exceptions. DOA will make certain adjustments to these amounts; therefore, amounts in this column do not always equal the amounts reported in the CAFR.

**Fluctuation Analysis** - For prior year amounts to appear, the HEI must first select their HEI's acronym from the drop-down list. Once selected, the prior year amounts will appear and the #N/As will disappear. The fluctuation analysis is comparing the current year's HEI and Foundation amounts with the prior year amounts reported to DOA on the FY 2005 Attachment HE-10, FST. Some amounts have been adjusted by DOA and those adjustments will be provided to the HEIs. Two sets of materiality scopes must be calculated. See the [Additional Guidelines for Preparation of the Financial Statement](#) in the Comptroller's Directive 1-06.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Financial Statement Template (FST), continued**

---

**New line items**      There are new line items for the HEI only. These new line items do not apply to the foundations. The new line items are described below.

**SNAP & LGIP Line Items for HEI:**

Eight **new** line items have been added to record any amounts invested in the State Non-Arbitrage Program (SNAP) or the Local Government Investment Pool (LGIP). In the prior year, the TAB 1A provided what FST line items these amounts were reported on. In some cases, SNAP amounts were reported with the Treasurer of VA and some were not with the Treasurer of VA. For FY 2006, any SNAP or LGIP amounts must be reported on these new line items. DOA reconciles SNAP and LGIP amounts per the templates to information provided by Treasury. These new line items will make the reconciliation process more efficient. The new line items are as follows:

- Local Government Investment Pool (LGIP)
- State Non-Arbitrage Program (SNAP) Fund
- SNAP Individual Portfolio –Cash Equivalents
- SNAP Individual Portfolio – Investment

These line items are also added to the Restricted Cash and Cash Equivalents/Investment sections. (Note: There are two new line items to record LGIP investments but they are only for DOA use. HEIs cannot record amounts on these line items.)

The **SNAP fund** line items represent the money market mutual fund that is managed to maintain a dollar-weighted average portfolio maturity of ninety days or less and seeks to maintain a constant net asset value per share of \$1. These are considered cash equivalents. The **SNAP individual portfolio** line items represents accounts that a program investment manager will purchase and manage a portfolio of cash equivalent and/or investment items.

These new line items will not be required for foundations because only a small number of foundations had investments in SNAP or LGIP.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Financial Statement Template (FST), continued**

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**New line items,**  
*continued*

**Accounts Payable Line Items for HEI:**

Four **new** line items have been added for accounts payable to capture the footnote disclosure information; therefore, eliminating TAB 4, Accounts Payable. The new line items are as follows:

- Vendor Payments
- Salaries/Wages
- Retainage Payable
- Other\*

Note\*: The TAB 7, Miscellaneous, has a new Part 11b to provide a description of the Other line item.

---

**Line item name**  
**changes**

The following line items have been changed:

- Deferred Revenue is now Unearned Revenue. Deferred revenue is appropriate on modified accrual but not full accrual financial statements.
  - Loss on Sale/Disposal of Capital Assets is now Loss on Sale/Disposal/Impairment of Capital Assets. Gain on Sale/Disposal of Capital Assets is now Gain on Sale/Disposal/Impairment of Capital Assets. These line item changes were because of GASBS No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.
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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Financial Statement Template (FST), continued**

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**Elimination  
entries**

The line items listed below may be used to record significant balance/activity amounts among the HEI and the foundation(s) and must be eliminated.

- Due from Foundation(s)
- Due to Foundation(s)
- Due from Higher Education Institution
- Due to Higher Education Institution
- Payments/Support from Foundation(s)
- Payments/Support to Foundation(s)
- Payments/Support from the Higher Education Institution
- Payments/Support to the Higher Education Institution

Any significant intrafund balance/activity amounts recorded on other line items must also be eliminated.

**New tab:** All significant elimination entries for intrafund balance/activity amounts among the HEI and the foundation(s) must be recorded on the new tab "Elimination Entries to FST." This new tab has a column for elimination entries to the HEI amounts and another column for the elimination entries to the Foundation amounts. It also indicates what tab to record the elimination entries to applicable footnotes. After entering all elimination entries, ensure there are no "ERROR" messages on this tab or the FST tab. The prior year's TAB 9, Eliminations, is no longer required.

The "Elimination Entries" column on the FST is linked to the "**Elimination Entries to FST – Combined Total**" column in this new tab.

Any significant intrafund balance/activity amounts not eliminated because the foundation(s) has a December 31<sup>st</sup> year-end must be reported on TAB F8, Intrafund.

Note: While there is no set definition for significance, the HEI should consider the impact the activity would have on a CAFR user. If the activity would lead a CAFR user to reach an incorrect understanding of the HEI's activity, then it should be eliminated. In instances requiring elimination, it is possible that the amounts reported by the HEI and foundations may not agree exactly. The HEI should use professional judgment to reclassify any residual balances to another line item, as appropriate.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Combining Financial Statement Template**

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**Columns**

The **Combining Financial Statement Template (Combining FST)** is a tab to record foundation financial information. Most HEIs have at least one **foundation**. As stated on page 1, a foundation is defined for this attachment as a discrete component unit of the HEI as required by GASBS No. 39. The Combining FST has up to eight columns that can be used to record foundation amounts. A separate column must be used for each foundation. Record the foundation name, year-end date, and amounts. **Footnote TABS F1 to F9** must be completed for each foundation. The foundation name and year-end date on the footnote tabs are linked to the Combining FST.

The HEI must key amounts in the column titled “**Elimination Entries.**” Significant intrafund balance/activity amounts among the foundations of the HEI that are reported on the Combining FST must be eliminated in this column. The elimination entries should not affect the ending net asset balances. Of course, this column does not apply to those HEIs with only one foundation.

The FST is linked to the “**Foundation(s) Year-End Totals**” column.

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**Calendar year-end**

If a foundation has a December 31<sup>st</sup> rather than a June 30<sup>th</sup> year-end, the HEI must report the foundation's amounts as of December 31, 2005.

Note: Any significant intrafund balance/activity amounts not eliminated because of a calendar rather than fiscal year-end must be identified and reported on TAB F8, Intrafund.

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**Line items**

The line items on the Combining FST mirror the FST except for those that only apply to the HEI. (For example, Appropriations Available, State Appropriation Revenue, etc.) Also, the new SNAP, LGIP and Accounts Payable line items are not on the Combining FST. Those new line items are only for the HEI.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**GASBS 3 & GASBS 31 Footnote Information for HEI (TABS 1A, 1B)**

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**Purpose** TAB 1A is used to obtain information regarding cash, cash equivalents and investments. TAB 1B is to obtain GASBS No. 31 information.

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**Definitions** For purposes of this Directive, the following definitions apply:

**Cash** – the standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

**Cash Equivalents** – instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP) fund\*, and the Local Government Investment Pool. Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

**Investments** – securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

**Security** – generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

Note\*: SNAP Individual Portfolios may include cash equivalents and/or investments depending on what makes up the portfolio. This is why there are new line items to report SNAP Individual Portfolio – cash equivalent and investment amounts separately.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**GASBS 3 and GASBS 31 Footnote Information for HEI (TABS 1A, 1B),**  
continued

**Completing  
TAB 1A**

Follow the procedures below:

<b>Part No.</b>	<b>Guideline</b>
1	<p>Report the institution's CARS GLA 101 balance, excluding fund 0100. This amount should agree to Cash held with Treasurer of VA line items on the Statement of Net Assets. (<b>Note:</b> All General Fund (0100) cash should be classified as appropriation available on the Statement of Net Assets.) Report amounts by fund on the attachment.</p> <p>If the total amount reported does not equal CARS GLA 101, excluding Fund 0100, submit a reconciliation by fund with the attachment.</p>
2	<p>Amounts for the following line items are linked to the FST.</p> <ul style="list-style-type: none"><li>• Cash <b>not held</b> with Treasurer of Virginia</li><li>• Restricted Cash <b>not held</b> with Treasurer of Virginia</li></ul> <p>The total of these amounts must be recorded on Attachment HE-10A-detail tab – Part 1a. Attachment HE-10A requires additional footnote information on these line items.</p>
3	<p>This section is different from the prior year because of the new SNAP line items. Amounts for the following line items are linked to the FST.</p> <ul style="list-style-type: none"><li>• SNAP Individual Portfolio &amp; Restricted SNAP Individual Portfolio– Cash Equivalents</li><li>• SNAP Individual Portfolio &amp; Restricted SNAP Individual Portfolio - Investments</li><li>• Cash Equivalents &amp; Restricted Cash Equivalents <b>not held</b> with Treasurer of Virginia</li><li>• Investments &amp; Restricted Investments <b>not held</b> with Treasurer of Virginia</li></ul> <p><b>The total of these amounts must be recorded on Attachment HE-10A-detail tab – Part 3. Attachment HE-10A requires additional footnote information on these line items.</b></p>

*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**GASBS 3 and GASBS 31 Footnote Information for HEI (TABS 1A, 1B),**  
continued

**Completing  
TAB 1A**

Follow the procedures below:

<b>Part No.</b>	<b>Guideline</b>
4a & b	<b>Cash Equivalents held with Treasurer of VA and Restricted Cash Equivalents held with Treasurer of VA (excludes SNAP &amp; LGIP):</b> <ul style="list-style-type: none"><li>• Provide descriptions and amounts.</li></ul>
4c & d	<b>Investments held with Treasurer of VA and Restricted Investments held with Treasurer of VA (excludes SNAP):</b> <ul style="list-style-type: none"><li>• Provide descriptions and amounts.</li></ul>
5a & b	For any Local Government Investment Pool (LGIP) and / or Restricted Local Government Investment Pool amounts, provide the LGIP account # and amounts.
6a & b	For any State Non-Arbitrage Program (SNAP) Fund and/or Restricted State Non-Arbitrage (SNAP) Fund amounts, provide the SNAP account # and amounts.
6c	For any amounts reported on the four new SNAP Individual Portfolio line items, provide the SNAP account # and amounts.

**Completing  
TAB 1B**

Complete this for all cash equivalents and investments reported on the financial statement template.



**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Additional Footnote Information for HEI (TABS 2 through 8)**

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**TAB 2,  
Receivables**

This tab has changed in format as follows:

- **Format Change for Part 1:** Detail is no longer required for the allowance amount and the net receivables expected to be collected after June 30, 2007. These amounts must be provided in total. A **new** requirement is to provide descriptions and amounts for "Other Receivables."
- **Elimination Entries to Footnote:** Part 2 is **new** and is to obtain footnote elimination entries to the HEI amount reported on the Elimination Entries to FST tab.

---

**TAB 3, Capital  
Assets**

This tab provides the following footnote information:

Part 1) Schedule of Changes in Capital Assets –This section has been revised to show "ERROR" messages if amounts in the footnote do not agree to the FST by capital asset line item. In the prior year, an "ERROR" message would only appear if the total nondepreciable and depreciable capital asset amounts did not agree.

Parts 1 & 1a) The footnote line item order has been changed to mirror the FST. Construction in Progress is after Land.

Part 1a) Comparison of Beginning Balances to Prior Year's Ending Balances: This compares the prior year's ending balances to the current year's beginning balances and calculates differences. After selecting the institution's acronym, prior year's ending balances will appear and the #N/As will disappear. The amounts in the Balance July 1, 2005 column are linked to Part 1. The HEI must explain the differences.

Part 2) Capital Asset Capitalization Policy

Part 3) Works of Art/Historical Treasures

Parts 4.1 to 4.3) GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries (GASBS 42): See section titled "TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42" for additional information."

Part 5) This is **new** and is for **elimination entries** reported on the Elimination Entries to FST tab on the HEI's capital asset line items.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Additional Footnote Information for HEI (TABS 2 through 8), continued**

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**TAB 5, LT**  
**Liabilities**

This tab provides the following footnote information:

Part 1) Schedule of Changes in Long-Term Liabilities

Part 1a) Comparison of Beginning Balances to Prior Year Ending Balances:  
This compares the prior year's ending balances to the current year's beginning balances and calculates differences. After selecting the institution's acronym, the prior year's ending balances will appear and the #N/As will disappear. The amounts in the Balance July 1, 2005 column are linked to Part 1. The HEI must explain the differences.

Part 2) Schedule of Installment Purchase Obligations

Part 3) Schedule of Future Capital Lease Payments & Related Capital Asset Balances

Part 4) Bonds Payable (Institutional Debt)

Parts 5 to 8) These are **new** and are for **elimination entries** reported on the Elimination Entries to FST tab on the HEI's long-term liability line items.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Additional Footnote Information for HEI (TABS 2 through 8), continued**

**TAB 6,  
Commitments**

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This tab provides the following footnote information:

Parts 1 and 3) Operating Leases  
Parts 2 and 4) Other Commitments

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**TAB 7,  
Miscellaneous**

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This tab provides the following footnote information:

Part 1) Inventory  
Part 2) Restricted Cash and Cash Equivalents/Restricted Investments/Other Restricted Assets  
Part 3) Unearned Revenue (formerly Deferred Revenue)  
Part 4) GASBS No. 20  
Part 5) GASBS No. 33  
Part 6) GASBS No. 38  
Part 7) Contingent Liabilities  
Part 8) Subsequent Events  
Part 9) Flow Assumption for Restricted Resources  
Part 10) Donor-Restricted Endowments  
Part 11a) Other Liabilities  
Part 11b) Accounts Payable – Other – This is a **new** requirement to provide descriptions and amounts for this line item. This information was reported on TAB 4 in the prior year.  
Parts 12a & b) Other Assets & Other Restricted Assets – These are **new** requirements to provide descriptions and amounts for these line items.  
Part 13) Calculation of Invested in Capital Assets, Net of Related Debt – This is a **new** requirement to show how this amount was calculated. (Note: In the prior year there were some errors made in this calculation and reclassification entries were necessary.)  
Part 14) GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – This is a **new** requirement.  
Part 15) GASB Statement No. 47, Accounting for Termination Benefits – This is a **new** requirement.

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**TAB 8, Short-term Debt**

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This tab is to provide the detail for short-term debt activity during the year with a party **external** to the Commonwealth. This is a footnote disclosure required by GASBS No. 38. Part 1a is new and requires the institution to state whether the institution had any short-term debt with external parties during the year. In the prior year only Part 1b had to be completed; however, if this part was blank it was unclear whether the HEI just overlooked the tab.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42**

**Purpose**

The purpose of GASBS 42 is to provide reporting guidance for the following: impairment of capital assets, and all insurance recoveries (not just recoveries for impaired capital assets).

**Overview of Requirements**

**Financial Statement Template Reporting:**

- **Recognize Impairment Loss: Capital assets permanently impaired during fiscal year 2006:** The capital asset must be written down by the impairment loss amount. Any insurance recoveries recognized during the year for the impaired capital asset must be netted with the impairment loss. These losses should be reported as program expense-loss on sale/disposal/impairment of capital assets, special item, or extraordinary item
- **Restate Beginning Net Assets: Capital assets permanently impaired in prior years and not written down:** Beginning net assets should be restated for capital assets as of year-end that were permanently impaired in prior years and had not been written down by the impairment loss amount.
- **Insurance Recoveries:** For any insurance recoveries that are for prior year capital asset impairments and/ or all other reasons (i.e. theft, embezzlement of cash, etc.), report these recoveries as program revenue-operating grants & contributions, program revenue – capital grants & contributions, or an extraordinary item.

**Footnote Disclosures:**

- **Impairment Losses:** The footnotes must include a general description, the amount and the financial statement template line item.
- **Idle Permanently and/or Temporarily Impaired Capital Assets:** The carrying amount of temporarily and/or permanently impaired capital assets that are idle as of year-end must be disclosed.
- **All Insurance Recoveries:** The footnotes must include the amount and financial statement template line item for **all** insurance recoveries (not just for impaired capital assets).

**Other Considerations:**

- For any capital assets that do not meet the impairment test, the remaining useful life and salvage value may need to be reevaluated and changed on a prospective basis.

Refer to GASBS 42 for additional guidance. Also, see section titled Appendix 1: GASBS 42 Example Entries in these instructions.

*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42, continued**

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**Instructions:**  
**Part 4.1**

This part is to identify potential impairments as follows:

- A) **Possible Impairment of Capital Assets:** As of June 30, 2006, did the institution have an event\* or change in circumstances\* that may indicate an impairment of a capital asset as described in GASBS 42? If yes, provide a description, month/year it took place, the possible impaired capital assets, and then go to B. If no, go to Part 4.3.

Note\*: This must be a prominent event or circumstance that is conspicuous or known to the institution. It is expected to have been discussed by the board, management, or media. Common indicators of impairment include the following:

- Physical damage (i.e. fire, flood)
- Enactment or approval of laws/regulations or other changes in environmental factors
- Technological development or evidence of obsolescence
- Change in the manner or expected duration of a capital asset
- Construction stoppages (i.e. lack of funding)

- B) **Impairment Test:** If yes to A, is the decline in service utility of the capital asset significant **and** unexpected? If yes, go to C. If no, go to 4.3.

Note: If this test indicates an impairment has not occurred, the estimated useful life and salvage value may need to be reevaluated and changed. This should be accounted for on a prospective basis.

- C) **Permanent Impairment:** If yes to A and B, is the impairment considered permanent? If yes, go to D. If no, go to 4.2.

Note: Generally, an impairment should be considered permanent; however, in some cases it may be considered temporary. If it is considered temporary, the capital asset should not be written down. See GASBS 42 for additional guidance.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42, continued**

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**Instructions:**  
**Part 4.1,**  
*continued*

**D) Financial Statement Template Reporting & Footnote Disclosure:** If yes to A, B, and C, has the impairment loss and related insurance recoveries (if applicable) been properly reported on the FST in accordance with GASBS 42? If **no**, provide an explanation. If **yes**, provide the impairment loss, insurance recoveries, and FST line item this activity is reported on.

Notes: For **impaired capital assets that will continue to be used by the institution**, the impairment loss that should be written off should be measured by one of the following methods: restoration cost approach, service units approach, or deflated depreciation replacement cost approach. For **impaired capital assets that will no longer be used by the institution or capital assets impaired from construction stoppage**, they should be reported at the lower of carrying value or fair value.

Loss on capital assets that became permanently impaired during fiscal year 2006 must be reported on the financial statement template as program expenses—loss on sale/disposal/impairment of capital assets, extraordinary item, or special item. If the impairment loss took place in prior years and not previously recognized, beginning net assets should be restated. Use professional judgment to determine the appropriate FST line item.

Also, Per GASBS 42 paragraph 21, if insurance recoveries are in the same year as the impairment loss, the impairment loss should be reported net of the associated insurance recovery. Also, per GASBS 42 paragraph 17 - footnote 6, this guidance also applies to insured impairments that result in an accounting gain.

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**Part 4.2, Idle  
Capital Assets –  
Temporarily or  
Permanently  
Impaired**

Any permanently and/or temporarily impaired capital assets that are idle as of year-end must be disclosed. Provide the carrying amount of any permanently and/or temporarily impaired capital assets as of year-end.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**TAB 3, Capital Assets: Parts 4.1 to 4.3 for GASBS 42, continued**

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**Part 4.3, Other  
Insurance  
Recoveries**

For any insurance recoveries that are not reported in Part 4.1 D, provide the amount and financial statement template line item. Also, provide a description.

Note: This includes current year insurance recoveries for capital assets impaired in prior years. It also includes all other insurance recoveries. (i.e. recoveries for embezzlement of cash, theft). Insurance recoveries should be reported on the financial statement template as program revenue-operating grants & contributions, program revenue-capital grants & contributions, and / or extraordinary item. Use professional judgment to determine the appropriate FST line item.

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**Footnote Information for Foundation(s) (TABS F1 through F9)**

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**Background**

The foundation footnotes differ from HEI footnotes because foundation(s) follow FASB rather than GASB. HEIs are **not** expected to convert foundation FASB footnotes into GASB footnotes; however, there will be some additional information needed from foundations in order to report information in the CAFR. TABS F1 through F9 are to gather selected foundation footnote information for the CAFR.

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*Continued on next page*

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Footnote Information for Foundation(s) (TABS F1 through F9), continued**

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**TAB F1**

**Tab F1, Cash, Cash Eqv, and Inv**, include the following:

- Part 1) Answer questions regarding cash and cash equivalents (including restricted cash and cash equivalents).
- Part 2a) Record the fair value of investments (including restricted investments). There are two **new** columns to record footnote elimination entries to foundation investment and restricted investment amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries. "ERROR" messages will appear if totals do not agree to the appropriate tabs.
- Part 2b) State whether any amounts reported in Part 2a are reported at cost rather than fair value. Note: The prior year's Part 2c required investments at cost by investment type. This is no longer required.
- Part 3a) State whether the foundation has any investments in LGIP. If yes, complete TAB F2, SNAP & LGIP.
- Part 3b) State whether the foundation has any investments in SNAP. If yes, complete TAB F2, SNAP & LGIP.

Note: The prior year's Part 4 was regarding derivative instruments. This is no longer required.

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**TAB F2**

**TAB F2, SNAP & LGIP:** If the foundation has any investments in SNAP or LGIP during the year or at year-end, provide the account numbers and year-end balances. A **new** requirement is to provide the Combining FST line item these amounts are reported on. A drop-down list is provided.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Footnote Information for Foundation(s) (TABS F1 through F9), continued**

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**TAB F3**

**TAB F3, Receivables**, include the following:

- Part 1) **Receivables, Net** must have the gross amount of accounts receivable, loans receivable, other receivables, allowance for doubtful accounts, and the net amount expected to be collected in greater than one year. The HEI may need to require this additional information from the foundation if the foundation's Statement of Financial Position and /or footnotes do not clearly indicate the type of receivable, gross and allowance amounts, and the net amount expected to be collected in greater than one year.

A **new** requirement is to provide a description of "Other Receivables."

Also, there are two **new** columns to record footnote elimination entries to foundation receivable amounts reported on the Combining FST and/or Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

- Part 2) **Contributions Receivable, Net** must have the following disclosures: amount due in less than one year, amount due between one and five years, amount due in more than five years, present value discount, allowance for uncollectible contributions, and discount rate used to determine present value.

There are two **new** columns to record footnote elimination entries to foundation contribution receivable amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Footnote Information for Foundation(s) (TABS F1 through F9), continued**

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**TAB F4**

**TAB F4, Capital Assets**, include the following:

Part 1) Provide year-end capital asset amounts by category, gross amounts, and accumulated depreciation amounts. Note: The prior year's tab included a section for nondepreciable capital assets. This is no longer required because the Combining FST and Elimination Entries to FST tabs provide this information.

There are two **new** columns to record footnote elimination entries to foundation capital asset amounts reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

Note: The prior year Parts 2 to 4 regarding the capitalization policy are no longer required.

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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Footnote Information for Foundation(s) (TABS F1 through F9), continued**

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**TAB F5 & F5.1** **TAB F5 and F5.1, LT Liabilities:** The TAB F5 has four parts to obtain descriptions of the following:

- Part 1) Notes Payable
- Part 2) Bonds Payable
- Part 3) Capital Lease Obligations
- Part 4) Installment Purchase Obligations

TAB F5.1 also has four parts, but it is to obtain future payments on the above long-term liabilities. The future payments are for the next five years and then a total for all years thereafter. Capital asset balances must be provided for any capital assets purchased with the capital leases.

Note: Some foundations have a December 31<sup>st</sup> year-end rather than a June 30<sup>th</sup> year-end. In the prior year, the calendar and fiscal year end amounts were provided separately. The format has **changed** and these amounts can be provided on the same row.

TAB F5.1: There are two **new** columns to record footnote elimination entries to the applicable foundation line items reported on the Combining FST and/or the Elimination Entries to FST. Also, there is a **new** total after all elimination entries.

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**TAB F6** **TAB F6, Commitments,** include the following:

- Part 1) State whether the foundation has operating lease agreements. If so complete Parts 1b, 1c, and 1d. Part 1c has a revised format. In the prior year, future operating lease payment amounts were reported separately depending on whether the foundation had a calendar or fiscal year-end. This format has changed and future payments can be reported on the same row.
  - Part 2) Provide information on any other commitments reported by the foundation as of year-end.
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**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Footnote Information for Foundation(s) (TABS F1 through F9), continued**

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**TAB F7**

**TAB F7, Miscellaneous,** include questions in the following categories:

Part 1)	General,
Part 2 (formerly Part 3)	Restricted Cash and Cash Equivalents,
	Restricted Investments, Other Restricted Assets,
Part 3 (formerly Part 4)	Split-Interest Agreements,
Part 4 (formerly Part 8)	Contingent Liabilities,
Part 5 (formerly Part 9)	Subsequent Events,
Part 6 (formerly Part 10)	Significant Intrafund Balance/Activity Amounts not Eliminated because of Different Year-End Dates,
Parts 7a & 7b ( <b>new</b> )	Other Assets & Other Restricted Assets – provide descriptions,
Part 8 (formerly Part 11)	Other Liabilities, and
Part 9 ( <b>new</b> )	Calculation of Invested in Capital Assets, Net of Related Debt: provide how this amount was calculated.

Note: The following parts from prior year are no longer required:

- |         |   |
|---------|---|
| Part 2) | Inventory   |
| Part 5) | Deferred Compensation Liability for Current or Former HEI<br>Employees, |
| Part 6) | Deferred Compensation Program for Foundation Employees,                 |
| Part 7) | Retirement Plans for Foundation Employees,                              |

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**TAB F8**

**TAB F8, Intrafund:** This must be completed if **both** of the following conditions are met.

- The foundation has a December 31<sup>st</sup> year-end.
- The HEI and the foundation(s) have significant intrafund balance/activity amounts reported on the FST that have not been eliminated because of different fiscal years.

If both conditions are met, provide the FST line items and amounts that were not eliminated.

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**Comptroller's Directive 1-06  
Attachment HE-10  
Financial Statement Template**

**Footnote Information for Foundation(s) (TABS F1 through F9), continued**

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**TAB F9**

**TAB F9, Short-term Debt**

Part 1) Complete this part for any amount reported on the Short-term Debt line item. This would include line of credit amounts.

Part 2) Complete this part for any bond anticipation notes payable reported on the Long-Term Liabilities – Bond Anticipation Notes Payable line item.

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**Checklist**

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**New  
Requirement**

After amounts and information have been entered on all applicable tabs, the **new** Checklist tab must be completed. This tab is to ensure completeness and propriety of amounts reported.

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# Comptroller's Directive 1-06

## Attachment HE-10

### Financial Statement Template

#### Appendix 1: GASBS 42 – Example Entries

The examples below are from a building that was impaired because of a fire. The following examples do not include restoration or replacement costs which should be reported as a separate transaction from the impairment loss and associated insurance recovery.

	Impairment loss (prior year)	Impairment loss (current year)	Insurance Recovery (current year)	Net Gain/(Loss) on impairment (current year)
Example 1		(200,000)	150,000	(50,000)
Example 2		(200,000)	250,000	50,000
Example 3		(200,000)	0	(200,000)
Example 4	(200,000)	0	150,000	(200,000)

Below are example FST entries for the current year from the above examples

**Example 1:**

Cash	150,000	
Extraordinary item (net loss) (see Note A)	50,000	
Accumulated depreciation-buildings		200,000

**Example 2:**

Cash	250,000	
Extraordinary item (net gain) (see Note B)		50,000
Accumulated depreciation-buildings		200,000

**Example 3:**

Extraordinary item (see Note A)	200,000	
Accumulated depreciation-buildings		200,000

**Example 4:**

Beginning Net Assets	200,000	
Cash	150,000	
Accumulated depreciation-buildings		200,000
Extraordinary item (Note C)		150,000

Note: For example 4, since the insurance recovery was not recognized in the same year as the impairment loss, the insurance recovery is not netted with the impairment loss for the current year.

**Comptroller's Directive 1-06**  
**Attachment HE-10**  
**Financial Statement Template**

**Appendix 1: GASBS 42 – Example Entries, continued**

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Note A: Depending on the circumstances of the impairment, the other FST line items that this loss could be reported on are as follows:

- Expenses-Loss on Sale/Disposal/Impairment of Capital Assets
- Special Item

Note B: Depending on the circumstances of the impairment, the other FST line items that this gain could be reported on are as follows:

- Gain on Sale/Disposal/Impairment of Capital Assets
- Special Item

Note C: Depending on the circumstances of the impairment, the other FST line items that this insurance recovery could be reported on are as follows:

- Program Revenue-Operating Grants & Contributions
- Program Revenue-Capital Grants & Contributions

As a reminder, per GASBS No. 34 the definitions of extraordinary items and special items are as follows.

- Extraordinary item: Transactions or events that are **both** unusual in nature and infrequent in occurrence.
  - Special item: Transactions or other events **within the control of management** that are either unusual in nature **or** infrequent in occurrence.
-

# Comptroller's Directive 1-06

## Attachment HE-10

### Financial Statement Template

#### Appendix 1: GASBS 42 – Example Entries

The following provides guidance on how to report the example entries on the TAB 3:

Example 1: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item	200,000	150,000
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)		Note d

Example 2: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item	200,000	250,000
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)		Note d

Example 3: Record on TAB 3 Part 4.1D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item	200,000	
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)		Note d

Example 4: Record on TAB 3 Part 4.1 D as follows:

Financial Statement Template line item:	Impairment loss \$	Insurance Recovery \$ included in the net impairment loss/gain calculation (see Note a)
Expenses-Loss on Sale/Disposal/Impairment of Capital Assets		
Special Item		
Extraordinary Item		
Gain on Sale/Disposal/Impairment of Capital Assets (see Note b)		
Net Assets, beginning (see Note c)	200,000	Note d

Example 4: Record on TAB 3 Part 4.3

Financial Statement Template line item	Other Insurance Recoveries \$
Program Revenue - Operating Grants and Contributions	
Program Revenue - Capital Grants and Contributions	
Extraordinary Item	150,000



**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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**Purpose**

This attachment is used to gather uniform financial reporting information for CAFR note disclosures required by GASBS No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, as amended by GASBS No. 40, Deposits and Investment Risk Disclosures. This attachment is a supplement to the Attachment HE-10.

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**Applicable institutions**

All institutions that are completing Attachment HE-10 that have cash, cash equivalents, and investments not held with the Treasurer of Virginia must complete this supplemental attachment.

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**Due Date**

**September 28, 2006**

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**Submission requirements**

Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution's acronym followed by Attachment HE-10A.** For example, VCCS should rename the Attachment HE-10A.xls file as VCCS Attachment HE-10A.xls.

Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

**Do not submit paper copies of this spreadsheet.**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab in the excel file attachment.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

**Recommended**

It is recommended that each institution obtain copies of GASBS No. 3, GASBS No. 40, and the GASBS No. 40 Implementation Guide for better understanding of this attachment.

**As defined**

**Cash** – the standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

**Cash Equivalents** – instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP). Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

**Investments** – securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

**Security** – generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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**Directions for  
the “Detail” tab**

Below are instructions as to the proper completion of the “Detail” tab in the Excel Attachment HE-10A. Please follow these instructions carefully.

<b>Part</b>	<b>Instruction</b>
1a	<p>Report the institution’s total cash not held with the Treasurer of VA. <b><i>This amount must include restricted cash not with the Treasurer of VA and it must agree to the Total of Attachment HE-10, Tab 1A, Part 2.</i></b></p> <p><b>Note:</b> Certificates of deposit (CDs) <b>should NOT</b> be reported as cash. CDs should be reported as cash equivalents and/or investments.</p> <p><b>Note:</b> Money market funds held by financial institutions (i.e. banks, savings and loan associations, and credit unions) versus a broker/dealer (any individual or firm in the business of buying and selling securities for itself and others; broker/dealers must register with the SEC) qualify as deposits, and therefore are classified as <b>cash</b> instead of investments.</p>
1b	<p>For the total cash not held with the Treasurer of VA reported above, provide the total bank balance as of June 30.</p>

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

Directions for the “Detail” tab, continued

Part	Instruction
2a	Of the amount reported in 1b above, provide the amount that is insured by the federal depository insurance. (For public units - only a total of \$100,000 per financial institution for interest bearing and an additional \$100,000 for non-interest bearing accounts (i.e. demand deposits) may be insured by the FDIC).
2b	Of the amount reported in 1b above, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 of the <i>Code of Virginia</i> ).  <b>Note:</b> If all cash not held with the Treasurer of Virginia is included in 2a and 2b above, do not complete step 2c below. If not, the remaining amount should be classified in 2c below.
2c	Is any cash <b>NOT</b> held with the Treasurer of Virginia NOT covered by the FDIC or the Security for Public Deposits Act? If so, report the amount and bank balance for one or more of the three options below: i)      Uncollateralized ii)     Collateralized with securities held by the pledging financial institution iii)    Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name.  The total of the amounts provided must agree to the total amount in step 1b above.
3	Report the amount of <b>cash equivalents and investments NOT held with the Treasurer of Virginia and SNAP Individual Portfolio amounts. <i>This amount must include restricted cash equivalents and investments not held with the Treasurer of Virginia and it must agree to the Total of Attachment HE-10, Tab 1A, Part 3.</i></b> <b>Note:</b> <u>This amount should also agree to the sum of all amounts in the “Reported Amount” column on the “Cash Equiv. &amp; Inv. NOT w Tr” tab of the spreadsheet.</u>

Continued on next page

**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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Directions for the “Detail” tab, continued

Part	Instruction
4	List the total <b>fair value</b> of cash equivalents/investments not held with the Treasurer of Virginia and SNAP Individual Portfolio amounts subject to foreign exchange risk. Foreign exchange risk is the risk of an investment’s value changing due to changes in currency exchange rates and/or the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to adverse movements in exchange rates. This amount must equal the total of the fair value amount in the “Foreign Currency Inv” tab of the spreadsheet.
5	<p>Are any of the institution's cash equivalents or investments not held with the Treasurer of VA and SNAP Individual Portfolio amounts in debt securities highly sensitive to interest rate changes? Some examples of these include a variable-rate investment with a multiplier, or a variable-rate investment with a coupon that varies inversely with a benchmark index. For further explanations of highly sensitive investments, refer to the <u><a href="#">GASBS No. 40 Implementation Guide</a></u>, questions 45 – 58.</p> <p>If the institution marked a “Yes”, the institution will need to provide an explanation as to why these investments are highly sensitive.</p>
6	<u><a href="#">GASBS No. 40</a></u> states it is the institution’s responsibility “to update the custodial credit risk disclosure requirements addressing other common risks of the deposits and investments of state and local governments.” With this in mind, the institution should provide a description of any other type of risk to cash, cash equivalents, and investments not covered elsewhere on this attachment.
7	Submit the institution’s investment policy along with this Attachment in the e-mail to <a href="mailto:finrept@doa.virginia.gov">finrept@doa.virginia.gov</a> . This is the investment policy that will officially be on record with the Department of Accounts. If the institution does have cash, cash equivalents, and investments NOT with the Treasurer of Virginia and <b>DOES NOT</b> have an investment policy, the institution will need to state why.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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**Directions for  
the “Cash  
Equiv. & Inv.  
NOT w Tr” tab**

According to GASBS No. 40, institutions that have cash equivalents/ investments not held with the Treasurer of Virginia and SNAP Individual Portfolio amounts will need to report more detailed information about the risk of their cash equivalents and investments. This spreadsheet requests the necessary information. DOA will need to properly report this information in the CAFR.

**List cash equivalent or investment by type and issuer:**

In prior years, institutions had to provide information by type of cash equivalent or investment. While DOA is continuing to request this information, DOA will also need each issuer (further broken by each issue) for most cash equivalent and investment types. This information is needed to satisfy the concentration of credit risk for GASBS No. 40. DOA is also requesting any applicable ticker symbol **and** CUSIP number for each issue. (The ticker symbol and CUSIP number are needed to help DOA in sorting all the issuers to ensure there is no one issuer greater than 5% of net assets or plan net assets for any particular fund.)

**Note:** **Ginnie Mae** is the only asset backed security that should be included with U.S. Treasury and Agency Securities. This is because it is explicitly backed by the U.S. Government. Securities such as **Fannie Mae**, **Sallie Mae**, and the **Federal Farm Credit Banks** are **NOT** explicitly backed by the U.S. Government and should not be included in U.S. Treasury and Agency Securities.

**Example:** For the cash equivalent or investment type “Common and Preferred Stocks,” the institution would list each issuer such as General Electric Corp. The institution would also list their ticker symbol “GE”. Because it is an equity security, no credit quality rating would need to be given. The institution would then classify the custodial rate risk for this security.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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**Directions for the “Cash Equiv. & Inv. NOT w Tr” tab, continued**

**Credit Quality Rating (AAA, BB, Unrated, etc.):**

List the applicable credit quality rating. The credit quality ratings of cash equivalents and investments in debt securities (corporate bonds, corporate notes, etc) as described by nationally recognized statistical rating organizations (rating institutions) must be disclosed.

Obligations of the U.S. government or obligations **explicitly** guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. Negotiable certificates of deposit are also exempt from credit quality ratings. Repurchase agreements are exempt from credit quality ratings **only** if the underlying security is explicitly guaranteed by the U.S. government. The credit quality ratings of external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities should be disclosed. **If a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.**

**Interest rate risk (i.e. maturity) of each cash equivalent and investment:**

The interest rate risk of debt investments must be disclosed by investment type and amount. DOA has selected the segmented time distribution method as outlined in GASBS No. 40. This requirement will require the institutions provide, by amount and issuer, the maturity of their debt investments.

GASBS NO. 40 does not require separate disclosure for cash equivalents and investments. Therefore, cash equivalent and investment amounts would be listed in one of the investment column maturities (less than 1 year, 1-5 years, 6-10 years, greater than 10 years) depending on the investment securities that have maturities. Most equity type investments do not have a maturity and their total would only be reported in the “category 3” and/or “uncategorized” columns in the custodial credit risk section.

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*Continued on next page*

**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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**Directions for the “Cash Equiv. & Inv. NOT w Tr” tab, continued**

**Negotiable certificates of deposit** should be classified as cash equivalents or investments depending on the original maturity. Negotiable instruments are securities that are normally sold in \$1 million units and that can be traded in a secondary market. **Non-negotiable certificates** of deposit should always be reported as cash equivalents in the “Less Than 1 Year” column. Non-negotiable instruments are time deposits that are placed by depositors directly with financial institutions and that are generally subject to a penalty if redeemed before maturity.

**Custodial credit risk:**

Per GASBS No. 40, the requirement to disclose cash equivalents and investments as categories 1 and 2 is no longer necessary. These amounts should be reported in the uncategorized column. If the security, however, meets the following criteria, the security must still be reported as Category 3.

- Uninsured,
- Not registered in the name of the government, and
- Are held by either the counterparty or the counterparty’s trust department or agent

**Note:** Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed because they are held by the buyer-lender.

List the total custodial credit risk that is considered category 3 and the amount that is uncategorized (remaining amount) for each issuer. For debt securities, the total of these two columns should equal the sum of the interest rate risk columns mentioned above or an error message will appear. Equity securities (common, preferred stock, index funds, equity index and pooled funds, and real estate) will not have a maturity, and their total would only be reported in the custodial credit risk section.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-10A**  
**Schedule of Cash, Cash Equivalents, and Investments at June 30**

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**Directions for the “Cash Equiv. & Inv. NOT w Tr” tab, continued**

**Total Reported Amount:**

The reported amount column will automatically total from the amounts listed as category 3 and uncategorized in the custodial credit risk columns of the spreadsheet. **An “Error” message will appear for debt securities if this amount does not agree to the sum of the interest rate risk amounts entered.** The overall total of category 3 and uncategorized cash equivalents and investments must agree to the amount reported at Part 3 in the “Detail” tab of the spreadsheet. If it does not, an “Error” message will appear in the “Detail” tab.

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**Directions for  
the “Foreign  
Currency Inv”  
tab**

List the **fair value** of **each** cash equivalent/investment types subject to foreign exchange risk. Foreign exchange risk is the risk of an investment’s value changing due to changes in currency exchange rates and/or the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to adverse movements in exchange rates. The total amount must agree to Part 4 in the “Detail” tab.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-11**  
**Reconciliation**

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**Purpose**

Institutions must reconcile the HEI's draft financial statements submitted pursuant to Attachment HE-13, Report of Financial Condition, to the Attachment HE-10, Financial Statement Template. Example formats of this reconciliation are available at [www.doa.virginia.gov](http://www.doa.virginia.gov). HEIs can use their own format for documenting this reconciliation; however, the following are minimum requirements.

- Attachment HE-11
- Institution Name
- Institution Contact Name
- Institution Contact Phone Number
- Institution Contact E-mail Address
- Date Completed
- The documentation should support how amounts on the HEI's draft financial statements by line item are reported on the Attachment HE-10, Financial Statement Template. This includes a reconciliation for HEI and foundation(s) amounts.

This reconciliation is needed to ensure that all adjustments posted to the HEI's draft financial statements are also included in the Attachment HE-10, Financial Statement Template.

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**Applicable institutions**

All institutions **must** complete this attachment using their own format **or** the example formats. If the institution uses its own format, the format must be acceptable to DOA.

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**Due date**

**October 12, 2006**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-11**  
**Reconciliation**

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**Line item detail  
(minimum  
requirement)**

This reconciliation should show all the line items reported on the individually published financial statements (fs) with the exception of operating expenses. The amounts that make up the operating expenses do not have to be listed separately. Only total amount of operating expenses per the individually published financial statements needs to be listed.

This reconciliation also must document the individual FST line items that the individually published fs line items roll into with a few exceptions noted below. If an individually published fs line item rolls into any of the following summary FST line items, the summary FST line item can be provided.

FST summary line items:

- Cash and cash equivalents
- Investments
- Appropriations available
- Restricted cash and cash equivalents
- Restricted investments
- Nondepreciable capital assets, net
- Depreciable capital assets, net
- Long-term liabilities – Due within one year
- Long-term liabilities – Due in greater than one year
- Net Assets – Restricted for – Nonexpendable
- Net Assets – Restricted for – Expendable
- General Revenue – State Appropriation Revenue

For example, if an individually published fs line item rolls into SNAP Individual Portfolio-Investments, Investments held with the Treasurer of VA (excludes SNAP), Investments not held with Treasurer of VA (excludes SNAP), or Investments (DOA Securities Lending AJE), then the HEI can document that the FST line item is the summary FST line item, Investments, rather than the more detailed line item.

Any individually published fs line items that roll into any other FST line items not included in the FST summary line items listed above must provide the detailed FST line item. For example, if an individually published fs line item is reported as Deposits Pending Distribution on the FST, Deposits Pending Distribution must be provided as the FST line item rather than the summary line item – Other liabilities.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-11**  
**Reconciliation**

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**Submission  
requirements**

Name the file **using the institution's acronym followed by Attachment HE-11.** For example, VCCS using an excel file should name the file VCCS Attachment HE-11.xls.

**Submit the excel or word file electronically to**  
**[finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).**

**Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).**

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**Attachment  
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original electronic attachment submission, provide a revised reconciliation clearly documenting **both** the change and an explanation of the change.

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**Comptroller's Directive No. 1-06**  
**Attachment HE-12**  
**Adjustments**

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**Purpose**

This attachment requires institutions to certify that all adjustments since DOA's acceptance of the initial submission have been provided to DOA for the following:

- Attachment HE-10, Financial Statement Template,
  - Other Attachments, and
  - Supplemental Information / or additional information requested by DOA.
- 

**Applicable institutions**

All institutions **must** complete this attachment.

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**Due date**

**October 12, 2006**

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**Submission requirements**

Contact DOA if the institution has any problems with the files.

**After downloading the excel file, rename the file using the institution acronym followed by Attachment HE-12.** For example, VCCS should rename the Attachment HE-12.xls file as VCCS Attachment HE-12.xls.

**Submit the excel file electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).**

**Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).**

**Do not submit paper copies of this spreadsheet.**

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**Revised submissions and revision control log**

If an institution has identified required adjustments **subsequent** to DOA's acceptance of the original submission, a revised attachment or supplemental information / additional information is required. The majority of attachments require a revision control log. Refer to the individual attachment instructions to determine the specific revision instructions. If any changes are needed to any attachments after October 12<sup>th</sup>, contact DOA. If the previous submissions have already been analyzed by DOA, the HEI may be required to submit adjusting journal entries rather than revised attachments.

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**Additional requirements**

**THE INSTITUTION MUST NOTIFY THE INDIVIDUALS LISTED IN THE **QUESTIONS** SECTION OF THIS DIRECTIVE IF MATERIAL ADJUSTMENTS ARE DISCOVERED AFTER SUBMITTING THIS ATTACHMENT TO DOA.**

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**Comptroller's Directive No. 1-06**  
**Attachment HE-13**  
**Report of Financial Condition**

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**Purpose**

Section 4-9.00 of the Appropriation Act provides each office handling State funds shall, upon the request of the Auditor of Public Accounts, make a detailed statement, **under oath**, of the financial condition of his office. This report of financial condition only applies to the HEI and excludes foundations.

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**Applicable institutions**

**All institutions must follow these attachment instructions.**

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**Due date**

**October 12, 2006**

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**Submission requirements**

**SUBMIT INFORMATION TO THE AUDITOR OF PUBLIC ACCOUNTS ONLY.**

**APA requests no Faxes!**

**For paper submissions and page 2 of this attachment (all paper submissions must be sent to APA no later than October 12, 2006):**

Mail to:       Walter J. Kucharski  
                  Auditor of Public Accounts  
                  P.O. Box 1295  
                  Richmond, VA 23218-1295

**For E-mail submissions (only for those items not previously submitted):**

E-mail Address:    [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov)

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**Providing required information**

- Send a copy to the **APA** of the draft individually published financial statements to include the following: Management's Discussion and Analysis, Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, Statement of Cash Flows, and Notes to the Financial Statements.
  - Send copies of all other DOA submissions to APA (**if not previously submitted**).
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**Comptroller's Directive No. 1-06**  
**Attachment HE-13**  
**Report of Financial Condition**

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**Notarized  
statement**

**The following oath should be mailed (not e-mailed or faxed) to the  
Auditor of Public Accounts:**

\_\_\_\_\_

Institution

“I hereby affirm that the financial statements or information of the HEI  
submitted are true and correct to the best of my knowledge and belief.”

\_\_\_\_\_

Signature

\_\_\_\_\_

Title

The oath should be administered by a notary or other officer authorized by  
Section 49-4 of the *Code*, and such notary or other officer should complete a  
certificate in substantially the following form:

State of Virginia; City / County of:

\_\_\_\_\_

This is to certify that \_\_\_\_\_ on this  
\_\_\_\_\_ day of \_\_\_\_\_, 2006 took and subscribed the  
foregoing oath required by the laws of the Commonwealth.

\_\_\_\_\_

Name of Notary

\_\_\_\_\_

Title